United Nations A/62/175

General Assembly

Distr.: General
1 August 2007

Original: English

Sixty-second session
Items 129 and 130 of the provisional agenda*

Programme budget for the biennium 2006-2007

Proposed programme budget for the biennium 2008-2009

Administrative expenses of the United Nations Joint Staff Pension Fund and recommendation for ad hoc measure in response to General Assembly resolution 61/240

Report of the United Nations Joint Staff Pension Board

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Summary

The present report contains the revised budget for the United Nations Joint Staff Pension Fund for the biennium 2006-2007, which indicates a reduction in appropriations amounting to $6,127,800, which comprises underexpenditures of administrative costs ($1,549,200) and investment costs ($4,578,600). The revised appropriations for the biennium 2006-2007 would then amount to $104,537,700 for administrative costs ($56,032,000), investment costs ($46,566,800) and audit costs ($1,938,900). Of that amount $16,240,100 is chargeable to the United Nations under the cost-sharing arrangement.

The report also contains estimates for the period from 1 January 2008 to 31 December 2009, which amount to $142,271,300 (before recosting) for administrative costs ($71,769,300), investment costs ($68,054,500), audit costs ($2,388,600) and Pension Board expenses ($58,900). The report provides for a total of 189 continuing posts, 25 new established posts and reclassification of 2 posts.

Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2006-2007*	*2008-2009 (before recosting)*	*2006-2007*	*2008-2009*
Administrative[a]	57 581.2	77 651.3	148	165
Investment	51 145.4	68 989.4	41	49
Audit	1 938.9	2 388.6	—	—
Pension Board	—	58.9		
Total	**110 665.5**	**149 088.2**	**189**	**214**

[a] One extrabudgetary General Service (Other level) post funded by member organizations.

The report also responds to resolution 61/240, in which the General Assembly "invites the Board to present in 2007 a viable ad hoc measure to adequately attenuate the adverse consequences arising from dollarization in Ecuador after consulting with the Committee of Actuaries".

The ad hoc measure recommended by the Board in section V of the present report would require a total one-time payment of about $500,000 from the assets of the Fund. In order to implement its recommendation, the Board requests resources in the amount of $46,900, which is included in the overall resource requirements for the biennium 2008-2009.

I. Overview

1. The United Nations Joint Staff Pension Fund (UNJSPF) was established in 1949 by the General Assembly to provide retirement, death, disability and related benefits for the staff of the United Nations and such other organizations as might be admitted to membership. There are currently 22 member organizations; the combined number of active participants and benefits in payment as of 31 December 2006 amounted to 155,151.

2. In accordance with Regulations adopted by the General Assembly, the Fund is administered by the United Nations Joint Staff Pension Board, a staff pension committee for each member organization and a secretariat to the Board and to each such committee. One third of the Board members are chosen by the General Assembly and the corresponding governing bodies of the other member organizations, one third by the executive heads and one third by the participants. The Pension Board reports to the General Assembly on the operations of the Fund and on the investment of its assets. When necessary, it recommends amendments to the Regulations, which govern, inter alia, the rates of contribution by the participants (currently, 7.9 per cent of their pensionable remuneration) and by the organizations (currently, 15.8 per cent), eligibility for participation, and the benefits to which participants and their dependants may become entitled.

Operational activities

3. During the biennium ended 31 December 2005, the number of participants in the UNJSPF increased from 85,245 to 93,683, or by 9.9 per cent; the number of periodic benefits in award increased from 52,496 to 55,140, or by 5.0 per cent. As of 31 December 2006, the active participant population increased to 98,433 (representing an additional 5.1 per cent increase for the one-year period) and the number of periodic benefits in award increased to 56,718 (representing an additional 2.3 per cent increase). On 31 December 2006, the breakdown of the periodic benefits in award was as follows: 18,732 retirement benefits, 12,772 early retirement benefits, 6,687 deferred retirement benefits, 9,265 widows' and widowers' benefits, 8,158 children's benefits, 1,057 disability benefits and 47 secondary dependants' benefits. In the course of the year ending 31 December 2006, 6,072 lump-sum withdrawals and other settlements were paid.

Figure I
UNJSPF — total growth in active participants since 1995

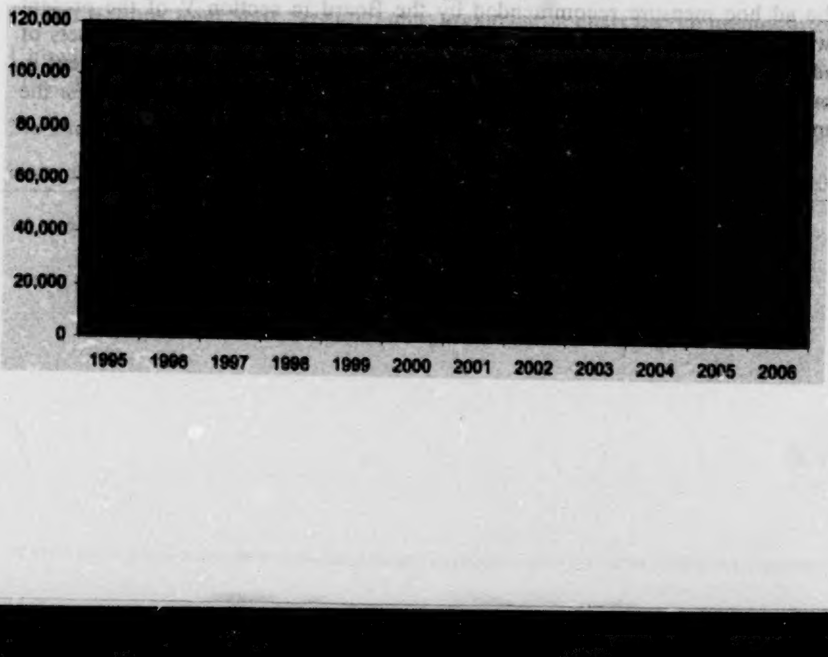
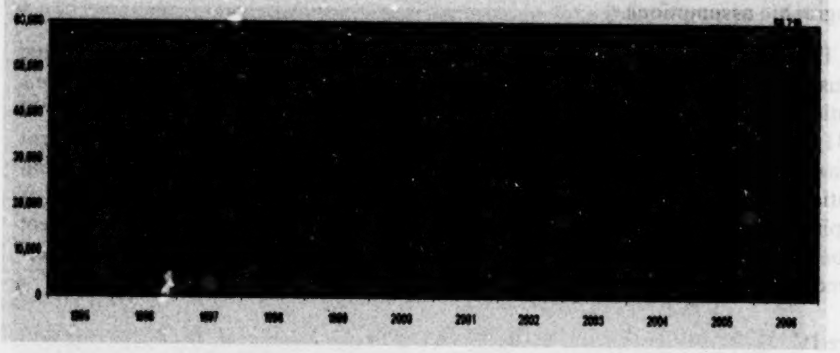


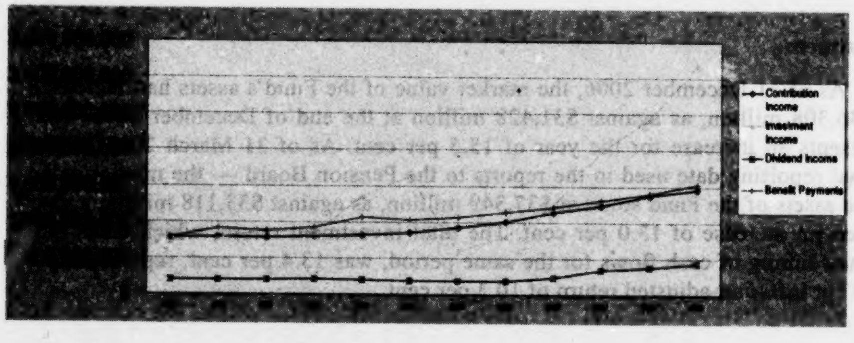
Figure II
UNJSPF — total growth in periodic benefits in payment since 1995



Income and benefit payments

4. The Fund relies on three sources of income: (a) employers' contributions; (b) employees' contributions; and (c) investment income. The relative importance of each of these resources has changed over the years. In 2006, total contributions amounted to $1,463.6 million and total benefit payments amounted to $1,532.8 million. In 1994, for the first time since the inception of the Fund, benefits paid surpassed contributions ($729.8 million vs. $711.7 million) and investment income had to be used to cover the gap. In 2006, total contributions represented 95.5 per cent of benefit payouts, with payouts exceeding total contribution income by $69.3 million. As the Fund continues to mature, it will rely more heavily on investment income for the payment of pensions and related benefits.

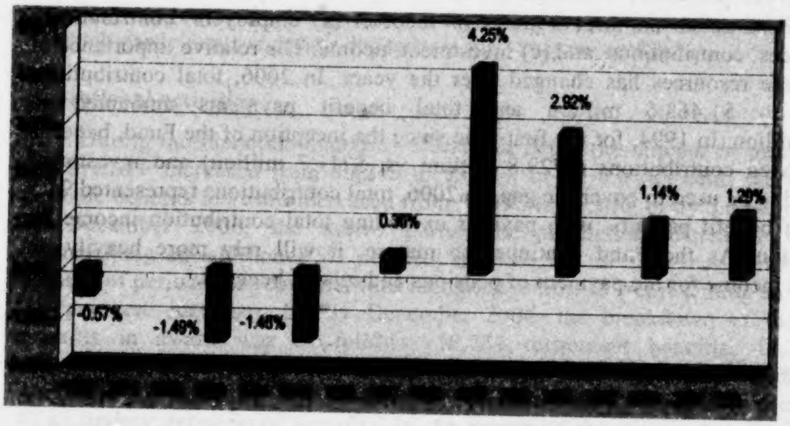
Figure III
UNJSPF — evolution in United States dollars of income and benefit payments since 1995



5. Actuarial valuations for the Fund are undertaken every two years, to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present estimated liabilities, using various sets of economic and demographic assumptions.

6. The regular valuation, as at 31 December 2005, revealed a fifth consecutive surplus, amounting to 1.29 per cent of pensionable remuneration. The four previous valuations, those as of 31 December 2003, 31 December 2001, 31 December 1999 and 31 December 1997, had revealed surpluses of 1.14, 2.92, 4.25 and 0.36 per cent of pensionable remuneration, respectively. Based on the results of the latest actuarial valuation, the Committee of Actuaries and the Fund's Consulting Actuary were of the opinion that the present contribution rate of 23.70 per cent was sufficient to meet the benefit requirements under the Plan. The Pension Board approved their statement on the actuarial position of the Fund.

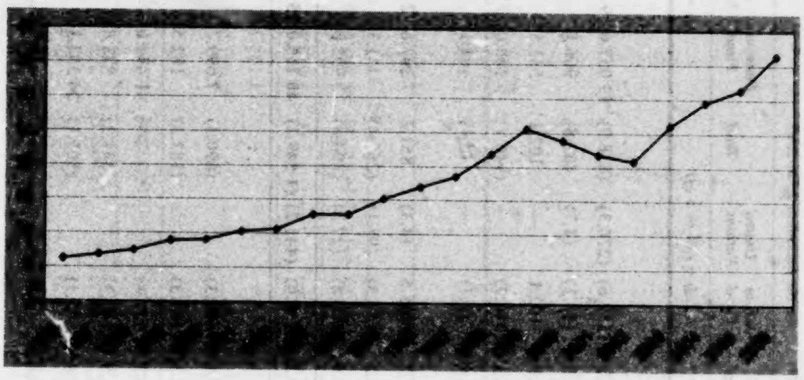
Figure IV
UNJSPF actuarial situation since 1990
(in percentage)



Investments

7. As of 31 December 2006, the market value of the Fund's assets had increased to $36,308 million, as against $31,428 million at the end of December 2005. That represents an increase for the year of 15.5 per cent. As of 31 March 2007 — the normal reporting date used in the reports to the Pension Board — the market value of the assets of the Fund stood at $37,349 million, as against $33,118 million a year earlier: an increase of 13.0 per cent. The total investment return, which takes into account timing of cash flows for the same period, was 13.4 per cent, representing a "real" or inflation-adjusted return of 10.3 per cent.

Figure V
Market value of the UNJSPF: 31 December 1986-31 December 2006
(in billions of dollars)



8. The long-term investment objectives of the Fund are to obtain an optimal investment return over the long-term while avoiding undue risk. The compound annual rate of return for the 47-year period ending 31 March 2007 was 8.8 per cent. That represents a yearly real rate of return of 4.4 per cent for the same period, after adjustment by the United States Consumer Price Index and compares favourably to the 3.5 per cent long-term real rate of return assumed in the actuarial calculation.

II. Budget estimates for the biennium 2006-2007: performance report

Table 1

Revised estimates for the biennium 2006-2007 by object of expenditure

(Thousands of dollars)

	Approved appropriations			*Expenditures for the 15-month period 1 January 2006-31 March 2007*			*Estimated expenditures for the 9-month period 1 April-31 December 2007*			*Increase or (decrease) for the biennium 2006-2007*			*Proposed final 2006-2007 appropriations*		
	Pension Fund	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*
		(a)			*(b)*			*(c)*			*(d) = (a - (b + c))*			*(e) = (a + d)*	
Administrative costs															
Posts	19 610.2	9 805.0	29 415.2	11 732.7	5 866.3	17 599.0	7 324.9	3 662.4	10 987.3	(552.6)	(276.3)	(828.9)	19 057.6	9 528.7	28 586.3
Other staff costs	1 024.6	405.9	1 430.5	381.0	152.9	533.9	585.5	248.3	833.8	(58.1)	(4.7)	(62.8)	966.5	401.2	1 367.7
Travel	429.4	—	429.4	316.7	—	316.7	214.8	—	214.8	102.1	—	102.1	531.5	—	531.5
Contractual services	10 095.3	2 708.9	12 804.2	4 566.8	1 672.1	6 238.9	4 581.8	1 036.8	5 618.3	(946.7)	—	(946.7)	9 148.6	2 708.9	11 857.5
Hospitality	5.2	—	5.2	0.7	—	0.7	0.4	—	0.4	(4.1)	—	(4.1)	1.1	—	1.1
General operating expenses	6 447.1	2 462.2	8 909.3	4 244.0	1 408.8	5 652.8	3 058.6	1 049.1	4 107.7	855.5	(4.3)	851.2	7 302.6	2 457.9	9 760.5
Supplies and materials	268.6	129.0	397.6	43.2	14.8	58.0	68.1	16.1	84.2	(157.3)	(98.1)	(255.4)	111.3	30.9	142.2
Furniture and equipment	3 372.6	817.2	4 189.8	824.2	218.6	1 042.8	2 171.6	570.8	2 712.4	(376.8)	(27.8)	(404.6)	2 995.8	789.4	3 785.2
Administrative total	**41 253.0**	**16 328.2**	**57 581.2**	**22 109.3**	**9 333.5**	**31 442.8**	**18 005.7**	**6 583.5**	**24 589.2**	**(1.138.0)**	**(441.2)**	**(1 549.2)**	**40 115.0**	**15 917.0**	**56 032.0**
Investment costs															
Posts	8 390.0		8 390.0	4 399.9		4 399.9	3 299.8		3 299.8	(690.3)		(690.3)	7 699.7		7 699.7
Other staff costs	365.8		365.8	58.2		58.2	124.3		124.3	(183.3)		(183.3)	182.5		182.5
Consultants	1 434.0		1 434.0	352.7		352.7	1 081.3		1 081.3	—		—	1 434.0		1 434.0
Travel	1 170.1		1 170.1	373.3		373.3	455.5		455.5	(341.3)		(341.3)	828.8		828.8
Contractual services	34 859.4		34 859.4	17 934.6		17 934.6	16 419.7		16 419.74	(505.1)		(505.1)	34 354.3		34 354.3
Hospitality	17.4		17.4	2.0		2.0	12.8		12.8	(2.6)		(2.6)	14.8		14.8
General operating expenses	1 731.0		1 731.0	1 226.3		1 226.3	508.7		508.7	4.0		4.0	1 735.0		1 735.0

	Approved appropriations			Expenditures for the 15-month period 1 January 2006-31 March 2007			Estimated expenditures for the 9-month period 1 April-31 December 2007			Increase or (decrease) for the biennium 2006-2007			Proposed final 2006-2007 appropriations		
	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total
		(a)			*(b)*			*(c)*			*(d) = (a - (b + c))*			*(e) = (a + d)*	
Supplies and materials	64.3		64.3	31.3		31.3	17.3		17.3	(15.7)		(15.7)	48.6		48.6
Furniture and equipment	3 113.4		3 113.4	138.4		138.4	130.7		130.7	(2 844.3)		(2 844.3)	269.1		269.1
Investment total	**51 145.4**		**51 145.4**	**24 516.7**		**24 516.7**	**22 050.1**		**22 050.1**	**(4 578.6)**		**(4 578.6)**	**46 566.8**		**46 566.8**
Audit costs															
External audit	471.5	94.3	565.8	235.8	47.1	282.9	235.7	47.2	282.9	—	—	—	471.5	94.3	565.8
Internal audit	1 144.3	228.8	1 373.1	464.7	92.9	557.6	679.6	135.9	815.5	—	—	—	1 144.3	228.8	1 373.1
Audit total	**1 615.8**	**323.1**	**1 938.9**	**700.5**	**140.0**	**840.5**	**915.3**	**183.1**	**1 098.4**	—	—	—	**1 615.8**	**323.1**	**1 938.9**
Total resources	**94 014.2**	**16 651.3**	**110 665.5**	**47 326.5**	**9 473.5**	**56 800.0**	**40 971.1**	**6 766.6**	**47 737.7**	**(5 716.6)**	**(411.2)**	**(6 127.8)**	**88 297.6**	**16 240.1**	**104 537.7**
Extrabudgetary costs (after-service health insurance system)															
Operational activities	**131.0**	—	**131.0**	**90.1**	—	**90.1**	**54.0**	—	**54.0**	**13.1**	—	**13.1**	**144.1**	—	**144.1**

9. In order to make the performance report of the Fund more meaningful, the format of the present document has been amended from that of previous submissions. To increase the accuracy of the report, expenditures for the biennium 2006-2007 comprise two distinct elements: actual expenditures for the 15-month period 1 January 2006 through 31 March 2007; and estimated expenditures for the 9-month period 1 April through 31 December 2007. The actual and estimated expenditures for the biennium 2006-2007 have been calculated on the accrual basis of accounting; i.e., "Effect of transactions and other events are recognized in financial statements when they occur and not when cash and cash equivalents are received or paid." In addition, greater emphasis has been placed upon justifying overexpenditure or underexpenditures.

10. In section III of its resolution 60/248, the General Assembly approved appropriations for the biennium 2006-2007 totalling $108,262,500, comprising administrative costs ($57,305,700), investment costs ($49,236,200) and audit costs ($1,720,600). Of that amount, $91,722,700 is chargeable directly to the Fund and $16,539,800 represents the share of costs borne by the United Nations. In addition, resources amounting to $131,000 were authorized for extrabudgetary costs and funded by a number of member organizations. In section IV of its resolution 61/240, the General Assembly increased the appropriations by $2,403,000 to a total of $110,665,500; comprising administrative costs ($57,581,200), investment costs ($51,145,400) and audit costs ($1,938,900). Of this amount, $94,014,200 is chargeable directly to the Fund and $16,651,300, the share of costs borne by the United Nations.

11. The additional appropriations were approved for:

(a) Administrative costs ($275,500): the reclassification of two posts from P-4 to the P-5 level, additional general temporary assistance to reduce the current reduction factor by 0.5 per cent in the first pension adjustment due for existing and future beneficiaries and the elimination of the limitation on the right to restoration based on years of service, as well as travel costs for the Audit Committee;

(b) Investment costs ($1,909,200): five new established posts, additional funds for a custodian consultancy and contractual services for indexation;

(c) Audit costs ($218,300): additional auditor-weeks for external audit and additional general temporary assistance for internal audit.

12. Total expenditure for the 2006-2007 biennium is estimated at $104,537,700 for administrative costs ($56,032,000), investment costs ($46,566,800) and audit costs ($1,938,900), resulting in projected savings of $6,127,800, or 5.5 per cent of the total appropriation. In addition, the projected expenditure of $144,100 for extrabudgetary costs will result in an overexpenditure of $13,100, or 10 per cent of the appropriation.

A. Administrative costs

13. The $56,032,000 estimated administrative costs will result in an underexpenditure of $1,549,200 or 2.7 per cent. The main resource variances that contribute to the net underexpenditure include:

1. Posts — underexpenditure of $828,900

14. The underexpenditure is primarily due to a number of vacant posts that were filled internally, by the promotion of secretariat staff, which in turn, caused the unencumbered posts to remain at 4 or 5 per cent.

2. Other staff costs — underexpenditure of $62,800

15. The underexpenditure is caused by the net effect of an underexpenditure of general temporary assistance ($202,100) and an overexpenditure of overtime ($188,000). It is not always possible to obtain trained staff on general temporary assistance and in such cases overtime is utilized to make up for the shortfall. In addition, owing to other commitments in the Information Management Systems Service (IMSS), it was not possible to fully utilize training funds, which resulted in an underexpenditure of $48,700.

3. Travel — overexpenditure of $102,100

16. The overexpenditure comprises travel of representatives and also travel of staff. At its fifty-third session, the Board recommended the formation of an Audit Committee and $50,000 for the travel of its members to one meeting to be held in 2007. Subsequently, the Audit Committee decided that three meetings would be held in 2007, which will result in an estimated overexpenditure of $69,200 for travel of representatives. In addition, and owing to additional travel to the Fund's Geneva Office by IMSS, primarily for managing the Geneva office relocation and disaster recovery testing, an overexpenditure of $32,900 is estimated for travel of staff.

4. Contractual services — underexpenditure of $946,700

17. The underexpenditure for this heading is, in the main, a result of net savings on the implementation of the correspondence systems projects, where a unique off-the-shelf product was used to replace the existing system. Details of projected expenditures are given in table 2 below.

5. General operating expenses — overexpenditure of $851,200

18. The overexpenditure was caused primarily because bank charges ($2,076,000) and bank interest ($1,110,600) were mistakenly netted in the proposed budget for 2006-2007 thus effectively reducing the appropriation by some $965,400. The situation has been rectified in the current proposal for the 2008-2009 biennium, whereby bank interest has been identified as an income item. This is explained further in paragraph 70 of annex II.

6. Furniture and equipment — underexpenditure of $404,600

19. The underexpenditure for this heading is due to savings from the projects, mainly due to the reutilization of the existing infrastructure during the Data Centre Migration, which has reduced the overall cost of migration.

Projects undertaken in the biennium 2006-2007

20. Brief details of the status of IT funded and undertaken in the biennium 2006-2007 are given below.

Table 2
Status of projects, 2006-2007 biennium
(United States dollars)

	Project	*Projected/actual completion date*	*Appropriation*	*Estimated expenditure*	*Over or (under) expenditure*
a.	Storage Area Network	Completed	851 600	750 800	(100 800)
b.	Data Centre Migration	Completed	745 400	442 100	(303 300)
c.	Data collection	December 2007	1 105 500	1 002 800	(103 700)
d.	Web initiatives	July 2007	207 600	229 400	21 800
e.	Legacy systems stabilization	December 2007	330 300	144 100	(186 200)
f.	Correspondence systems	Completed	589 700	75 700	(514 000)
g.	Content manager enhancements	December 2007	435 100	417 100	(18 000)
h.	Lawson upgrade	June 2008	1 006 800	1 115 200	108 400
i.	Enterprise resource planning (ERP)	November 2007	518 900	728 800	209 900
j.	Knowledge management system — phase III	June 2007	117 700	117 700	—
	Total		**5 909 600**	**5 023 700**	**(885 900)**

Storage area network

21. The Storage Area Network project was successfully implemented by the UNJSPF by December, 2006. Over 7 million document images were migrated from the Optical Platters of the Optical Based Imaging System to the storage area network, resulting in extremely fast document retrieval performance for the workflow system. The solution has provided improvements in response time and reduced downtime. This solution created a storage environment, which is integrated with the Fund's host system infrastructure forming a centrally managed and open systems environment. The Storage Area Network implementation has decreased the risk of data loss while providing a conduit for data sharing and distribution. This in turn has improved security and provides greater protection for sensitive information.

Data Centre Migration

22. The data centre construction, completed in 2005, currently supports the Fund's Information Technology and Communication Operations. The facility has expanded communication links with the United Nations, the United Nations Office at Geneva and International Computing Centre. This project included successful implementation and configuration of network and security-related equipment and services. The data centre is equipped with a fully functional storage area network, Centralized Disk Library, and tape back-up solution. The project also provided for upgrades to the data centre facilities, some of which included an uninterruptible power supply (UPS).

Data-collection system

23. Significant progress has been made on the data-collection system project in 2006 and continues in 2007. Efforts are focused on organizations with the largest number of participants, including UNICEF and UNDP in the field, UNHCR, as well

as the larger agencies such as WFP and FAO. Together, these organizations make up approximately 30 per cent of the "participant" population and all of them are expected to be electronically interfaced for human resources data by the end of 2007, bringing the total population interfaced to 75 per cent. Substantial efforts were also made in 2006 to create a new interface for UNICEF headquarters, which was originally connected to the IMIS Interface but was subsequently migrated to an Enterprise Resource Planning (ERP) system.

Web initiatives

24. The following web initiatives will be completed before the end of the 2006-2007 biennium:

(a) *Web server upgrade*. The UNJSPF production web server running under the Tomcat platform was replaced by the new Websphere Application Server. This new Server delivers near-continuous availability with advanced performance and management capabilities for the UNJSPF mission-critical web applications.

(b) *Applications enhancements*. The New Entries Report was enhanced to offer more options and provide a more user-friendly interface. The estimate of future benefits system was enhanced to be accessible to all participants including those who have not yet received their annual statements.

Legacy systems stabilization and infrastructure enhancements

25. The Fund's move to new office space at 1 Dag Hammarskjöld Plaza required that the ICT infrastructure be enhanced to support the new environment. This project has brought the following changes: (a) successful implementation of the re-routing of Internet and United Nations Intranet-bound traffic; (b) shared Internet service between IMSS/UNJSPF and IMS; (c) implementation of Active Directory replacing Windows NT4 domain; (d) enhancements of the single sign-on (SSO) infrastructure and dynamic network service IONs to integrate with Active Directory; (e) implementation of a proof of concept environment, for a Citrix Farm; and (f) implementation of a direct network connection between the Fund's Geneva offices at the Palais des Nations in Geneva and the ICC Data Centre, to facilitate more robust communication, using centralized management with easy access to resources by both offices.

Correspondence systems

26. The Data Text Merge Correspondence System was successfully implemented replacing the Office Vision System, which had been decommissioned by the vendor for several years. The technical approach selected for this project involved the use of software specifically created for the migration from the Office Vision System to a modernized version of the software, thereby retaining the same features and functions of Office Vision while significantly reducing the cost of conversion from what was initially projected.

Content manager enhancements

27. Several enhancements including the activation of a document-import function and the new Accounts Receivable Work Type subsystem were incorporated into the Fund's Content Management System used for Fund-wide workflow processing. In

addition, during this period, in order to support the Data Centre Migration and replacement of Office Vision, the Content Management System was upgraded to Version 5.3.

Lawson upgrade

28. The Lawson upgrade is expected to begin in September 2007. Proposals have been received from vendors and the Fund has performed the evaluation with assistance from the United Nations Procurement Service. Since this project is expected to span two bienniums, the Fund is requesting approximately one half of the funding required to complete the project in the 2008-2009 budget submission. The unused portion of the funding allocated for this project in the biennium 2006-2007 will be returned to the principal of the Fund.

Enterprise Resource Planning

29. The Enterprise Resource Planning (ERP) project will be the Fund's most important information technology undertaking in the present decade. In 2006, the Board approved funding for a study that would provide for the time, costs and other resource requirements necessary to satisfy the goals of ERP deployment, including the building of an integrated information system architecture. The Fund has established the following five-phased approach to the ERP project:

(a) Fully document the existing processes at the Fund;

(b) Redesign certain processes to achieve the paradigms of efficiency, service and cost;

(c) Fully document the redesigned processes;

(d) Define the technology solutions to best support the redesign;

(e) Acquire, install, integrate and deploy the entire solution.

30. In line with this approach, the Fund, through the United Nations Procurement Service has contracted with a specialized consulting firm to study the Fund's ERP requirements.

31. It is anticipated that the study will be completed by the end of 2007. In the biennium 2008-2009 the Fund will document all processes, procedures and best practices for eventual migration to the selected ERP platform. In the 2008 revised budget the Fund will request additional resources for the next phase of the ERP solution. An overall cost estimate for the project will also be provided at that time. It is expected that the full deployment of the ERP solution will take place in the biennium 2010-2011.

Knowledge management system: phase II — workplace portal with enterprise search and performance reporting systems

32. The knowledge management system phase II project achieved the following objectives: (a) upgrading of the individual products of the knowledge management system to the latest supported releases, namely, Sametime (V 7.0), QuickPlace (V 7.0), Pension Library (Domino.Doc V 7.0) and the base Directory infrastructure (V 7.0); (b) replacing the old search technology (Lotus Discovery Server) with the new search technology, IBM OmniFind Enterprise Edition; and (c) implementation

of WorkPlace (WebSphere Portal Server) and incorporation of the knowledge management, Enterprise Search and the Fund's data warehouse system in the new environment.

B. Investment costs

33. The $46,566,800 estimated investment costs will result in savings of $4,578,600, or 9.0 per cent. The main resource variances that contribute to the net underexpenditure include:

1. Posts — underexpenditure of $690,300

34. The underexpenditure has been caused by later than expected recruitment of staff.

2. Other staff costs — underexpenditure of $183,300

35. The underexpenditure for this object class is the net effect of underexpenditures for general temporary assistance ($30,300) and training ($164,600), and an overexpenditure of overtime, amounting to $11,600. The underexpenditure on training is a result of a number of vacant posts that has resulted in staff covering additional responsibilities and, therefore, unable to engage in the planned training. The underexpenditure of general temporary assistance has been slightly offset by additional overtime.

3. Travel — underexpenditure of $341,300

36. Travel of staff has been underexpended by $295,500 for the same reason as other staff costs, in that, vacant posts have restricted the availability of staff and therefore restricted travel. The balance of $45,800 is attributable to the travel of representatives (Investments Committee members).

4. Contractual services — underexpenditure of $505,100

Table 3
Contractual services: estimated expenditures 2006-2007
(United States dollars)

Category	*Appropriations 2006-2007*	*Estimated expenditures*	*Over or (under) expenditures*
External legal consultant	259 400	335 000	75 600
Third-party service providers			
(a) Global custodian and advisers			
Global custodian	7 414 100	1 812 500	(5 601 600)
Advisers	13 491 400	14 994 000	1 502 600
Subtotal	**20 905 500**	**16 806 500**	**(4 099 000)**

Category	*Appropriations 2006-2007*	*Estimated expenditures*	*Over or (under) expenditures*
(b) Portfolio management			
Small capitalization	10 577 200	14 800 000	4 222 800
Indexation	945 000	945 000	—
Subtotal	**11 522 200**	**15 745 000**	**4 222 800**
(c) Market data services	1 467 500	1 123 800	(343 700)
Subtotal third-party service providers	**33 895 200**	**33 675 300**	**(219 900)**
EDP contractual services	704 800	344 000	(360 800)
Total	**34 859 400**	**34 354 300**	**(505 100)**

37. As noted in the previous Board report (A60/183), under the new contract for the global custodian, effective April 2006, there were realized savings owing to the lower fees bid for the global custodian contract than for the combined master record keeper and three custodian contracts employed by the Fund prior to April 2006. The accepted bid for the new global custodian contract was at a cost to the Fund of $500,000 per annum as compared to the previous four bank combined billings of $3,750,000 per annum. Offsetting these savings, however, are costs to the Fund at the old rate for the first quarter 2006, and unanticipated increased costs of the small cap portfolio management. These small cap fees are paid by the Fund at a fixed percentage based on the quarter-end market value of the individual portfolio managed. Combined fees paid to the Small Cap managers for the year 2006 totalled $6.8 million. Based on continued strong market growth, it is estimated that fees of at least $8.0 million may be required for the balance of the biennium. This could therefore amount to total small cap fees of $14.8 million, well above the budgeted $10.6 million, and offsetting the savings from the lower Global Custodian fees (see table 3 above).

38. A delay in fully implementing the information technology projects would result in expenditure of only $344,000 (see table 4).

5. Furniture and equipment — underexpenditure of $2,844,300

39. In the budget 2006-2007, $2,687,800 for information technology projects was requested under furniture and equipment but not utilized. In addition, the amount of $410,000 appropriated for additional and replacement information technology equipment is estimated as underexpended by $156,500.

Projects undertaken in the biennium 2006-2007

40. Given below are brief details of the status of information technology projects funded and undertaken in the biennium 2006-2007.

Table 4

Status of projects, 2006-2007 biennium

(United States dollars)

Project	*Projected/actual completion date*	*Appropriation*	*Estimated expenditure*	*Over or (under) expenditure*
a. Portfolio risk analysis and performance attribution system	June 2008	908 000	20 000	(888 000)
b. Electronic order management and trading system	December 2008	228 300	50 000	(178 300)
c. Compliance pre-trading and post-trading system	December 2008	207 600	20 000	(187 600)
d. Data warehouse consolidation system	December 2008	1 240 100	200 000	(1 040 100)
e. Investment decision support system	December 2007	103 800	54 000	(49 800)
Total		**2 687 800**	**344 000**	**(2 343 800)**

Portfolio risk analysis and performance attribution system

41. A specialized investment consultant company has performed a request for information to assess what the most suitable services are that meet the asset composition of the Fund. Based on the consultant's report, the procurement of this service will begin by mid-2007. It is estimated that the initial customization of the procured automated electronic service to measure investment risk and performance is expected to be finalized by mid-2008. After the initial customization is completed an ongoing service will be maintained.

Electronic order management and trading system

42. As of June 2007, IMS finalized the technical evaluation of the candidates' proposals. Once a contract is awarded, the initial customization of the procured electronic service is expected to be finalized by the end of 2008. After the initial customization is completed, ongoing service will be maintained.

Compliance pre-trading and post-trading system

43. This project consists of the implementation of an integral module that completes the previously mentioned electronic trading system, and allows auditing and setting up more than a thousand transaction rules. This project is due to be finalized by December 2008.

Data warehouse consolidation system

44. The procurement process started in November 2006. As of June 2007, IMS finalized the technical evaluation of the candidates' proposals. Once a contract is awarded, the initial customization of the procured electronic service is expected to be finalized by the end of 2008. After the initial customization is completed, ongoing service will be maintained.

Investment decision support system

45. As of June 2007 the vendor has been selected. The initial customization of the procured electronic service is expected to be finalized by the end of 2007. After the initial customization is completed, ongoing service will be maintained.

C. Audit costs

46. The estimated expenditure of audit costs will result in full utilization of the appropriations amounting to $1,938,900 for external audit ($565,800) and internal audit ($1,373,100). However, within internal audit it is expected that savings of $31,000 accrued under general temporary assistance from slightly later than expected recruitment of one P-4 and one P-3 will be offset by overexpenditures in travel ($15,000) and training ($16,000).

47. Additional resources are required for travel as a result of the Internal Audit Division's change of strategy in Pension Fund audit, namely, to conduct more horizontal audits to achieve broader audit coverage and a more holistic view of the UNJSPF operations, which would require more trips to Geneva than was originally planned for the biennium. With regard to the additional resources for training, the Internal Audit Division has made provision for more training for its audit staff as required by the Institute of Internal Auditors standards, including the Super Strategies conference organized by the Institute of Internal Auditors, the Association of Public Pension Fund Auditors Conference, the Auditing Investment Activities and two IT audit-related training sessions.

D. Extrabudgetary costs

48. The original estimate of $131,000 for one General Service (Other level) post, funded by extrabudgetary funds, was calculated on the basis of standard salary tables, which use the mid-point of the General Service (Other level) grade 5 as a base. However, a General Service (Other level) grade 6 was placed against this post, which will result in an estimated overexpenditure of $13,100 for the biennium.

III. Results-based frameworks and analysis of resource requirements for the biennium 2008-2009

A. Introduction

1. Overview

49. The Fund has, within this submission, taken the opportunity to implement a number of major changes both to the presentation of the present document and also within the organization of the Fund. The major initiatives in this presentation are: (a) consolidation of the information technology services for the Fund secretariat and the Investment Management Service; (b) requirements for additional office space; (c) inclusion of Board expenses as a charge against the principal of the Fund; and (d) use of the results-based budgeting format.

Information technology consolidation

50. It will be recalled that the Standing Committee at its 188th session, held in 2005, strongly recommended that efforts be undertaken to centralize the ICT operations of the Fund to streamline various administrative and investment operations. Subsequently, the Advisory Committee on Administrative and Budgetary Questions echoed the Standing Committee's recommendation by urging that serious consideration be given to consolidating the two information systems services within the Fund under a single organizational structure which would encompass all activities of the Fund.

51. As a result of these requests a Working Group was formed comprising staff from the secretariat and IMS, which reached agreement on consolidating IT infrastructure services under IMSS responsibility. As part of the agreement, two posts (1 P-4, 1 General Service (Other level)) are being transferred from IMS Information Systems Section to IMSS. The existing Information Systems Section will continue to operate within IMS at a reduced capacity, performing liaison activities between IMS business users, Information services (i.e., Bloomberg), and other organizations that provide services related to investment analysis. It will be focusing on the outsourced applications, solely dedicated to the investment processes, namely: portfolio management; trade and order execution (straight-through-processing); investment pre- and post-compliance; portfolio risk analysis and performance measurement for different asset classes; consolidated reporting and reconciliation against disparate sources (global custodian master record keeper, brokers and real-time market data). Information Systems Section will also liaise with investment managers, vendors and IMSS to procure any systems and services supporting directly the investment processes. The redefined unit will also be called upon to provide improved access to data residing in the databases of entities retaining and reporting on the investment information.

52. In the light of the above, it is clear that certain costs that would normally be requested under the IMS proposal are now included in the secretariat submission and, therefore, a mechanism is required that will ensure that the cost-sharing arrangement with the United Nations is adhered to. Under the cost-sharing arrangement all costs associated with IMS are charged to the principal of the Fund, whereas certain administrative costs are apportioned between the Fund and the United Nations. With regard to the consolidation of information technology, the following has been used for estimation purposes:

(a) Non-post costs that are easily and accurately identifiable with IMS have not been apportioned between the Fund and the United Nations and are charged to the principal of the Fund only. For those that cannot be easily allocated to IMS, the ratio described in paragraph (b) below has been used;

(b) With regard to the costs associated with staff that provide a service to IMS, it is clear that that will include all IMSS staff, in varying degrees, rather than a limited number who are specifically tasked with supporting IMS. In order to ensure that the Fund abides by the spirit of the cost-sharing arrangement, for budgetary purposes, a ratio, based upon the current authorized staffing table, has been devised to apportion staff costs. Based upon this ratio of secretariat (148) to IMS (41) approved posts, 78.3 per cent of the cost of IMSS posts will be subject to the cost-sharing arrangement with the balance being charged directly to the principal of the

Fund. The ratio would be adjusted in accordance with the approved staffing table as at 1 January 2008 and held for the complete biennium in order to apportion costs.

Office space

53. The overall increase of posts requested within this proposal has given rise to the need for additional office space. In April 2005 the Fund relocated from the United Nations Secretariat building to its new premises at 1 Dag Hammarskjöld Plaza. At that time the staffing table for the Fund located in New York reflected a total of 146 posts for the secretariat (114) and IMS (32) and the total rentable area occupied amounted to 72,516 square feet apportioned between the secretariat (58,318 square feet) and the IMS (14,198 square feet). Since that time the staffing table has increased by 18 for the secretariat (9) and IMS (9). In addition, an extra 19 posts, to be located in New York, for the secretariat (9) and IMS (10) are requested in the present submission. That overall increase, since relocation, of some 37 posts or 23 per cent in staffing cannot be accommodated within the existing office space.

54. Currently, the secretariat occupies the whole of the 37th, 38th and 39th floors and approximately 37 per cent of the 4th floor, with IMS occupying the balance of the 4th floor. In addition, the data centres for both secretariat and IMS are located on the 4th floor. IMS is currently short of a number of offices and with additional new posts proposed in this submission both the secretariat and IMS are in need of additional office space. It is estimated that the equivalent of one additional floor in 1 Dag Hammarskjöld Plaza is required to meet this need and to cater for a minimal amount of future expansion. It is proposed that IMS should relocate from the 4th floor and consolidate on one additional floor in 1 Dag Hammarskjöld Plaza with the secretariat consolidating IMSS currently located on all four floors, to the 4th floor. That would provide sufficient space to accommodate the staff that would encumber the proposed additional posts.

55. It is stressed that the estimated costs for rental and renovation of additional office space for IMS within this submission is based on the current rental of additional space in 1 Dag Hammarskjöld Plaza ($62 per square foot) and the cost of the original renovations, carried out prior to occupancy by the Fund, interpolated for one floor. This estimate will be adjusted in the Fund's revised budget in 2008 once more accurate information is obtained.

56. In the Geneva Office the creation of the Client Servicing Unit in 2007, additional staff, and complaints from visitors regarding the accessibility of the offices situated in the Palais des Nations in Geneva has created the need to upgrade and relocate the present office space. The Geneva Office currently occupies 382.2 square metres at a cost of $534,000 for the biennium. After investigation, good quality office space has been found in a suitable location, near the airport, that could be rented at a cost of $522,900, which is within the current appropriation, for the biennium. That location affords easy car parking and access to client servicing on the ground floor. The office space totalling 725 square metres comprises offices (650 square metres) and a separate reception/client servicing area (125 square metres) on the ground floor. The rent is inclusive of all utilities, maintenance and office furniture. A five-year lease (renewable) with rental costs that would be adjusted in line with the Swiss cost of living index, as published by the Office

fédéral de la statistique, was approved by the United Nations Controller and signed in July 2007.

Board expenses

57. At its fifty-third session, the Board decided that as from 1 January 2008, Board expenses would be charged as an expense against the principal of the Fund. In the light of this, an estimate for the administrative expenses of the fifty-fifth session, to be held in Rome in 2008, and for the Chairman's travel expenses for the biennium has been included in the present proposal.

Results-based budgeting

58. The Fund has revised its style of budget presentation to the results-based budgeting format after requests by the Standing Committee (A/60/183, annex I, para. 20) and Advisory Committee on Administrative and Budgetary Questions (A/60/7/Add.7, para. 5). This change has afforded the opportunity to request resources in line with the Fund's programmes rather than as done in the past, which was presented in line with organizational and geographical groupings. By using fewer and more logical programme groupings, the number of sections in the document has been reduced. In addition, and in order to make the submission clearer, only global information has been given in the main part of the document with all justification and subsidiary information contained in annex form.

59. It was evident in preparing this submission that in order to conform with the results-based budgeting format and for resources to be requested by programme, major changes would need to be made to the format, in particular, support resources would now be requested under programme support. For instance, what was previously the Office of the Chief Executive Officer is now Executive Direction and Management. Therefore, to more accurately indicate the cost of the programme those resources which do not rightly belong there and are more accurately associated with support, such as general operation expenses, have been removed and included under programme support. Similarly in the Office of the Director, IMS, such resources are now requested under a new section of Administrative Support. Also, estimates for the Geneva Office are now included under operations and programme support rather than by location.

60. While that action will yield greater accuracy for future submissions, it does to some extent make it difficult to identify resource growth from the 2006-2007 biennium. To identify more clearly those resources that actually increase or decrease the request of the Fund as a whole, when compared to 2006-2007 (real resource growth), against those that are simply a transfer from one section to another (apparent resource growth) and have no impact on the overall resources requested, additional tables have been included. That has to some extent increased the length of the annexes although it should be noted that the particular tables entitled "real resource growth" will not be required in subsequent proposals.

61. The present first results-based budgeting submission has, in the main, been modelled on the United Nations programme budget. However, it is stressed that the Fund's proposed budget submission is a process that will evolve over time, based on experience and recommendations of the Pension Board, the Advisory Committee on Administrative and Budgetary Questions, and the Fifth Committee.

2. Methodology

62. The methodology used in preparing the financial requirements for the UNJSPF is similar to that used for the programme budget as endorsed by the General Assembly in its resolution 47/212. There are, however, exceptions, as explained below.

63. Under the programme budget system, appropriations approved for a particular biennium are recosted once more within that biennium, thereby increasing the appropriation. That increased appropriation is then used as the base for estimates (before recosting) for the subsequent biennium. In this manner, increases in volume (additional posts, etc.) are indicated under resource growth, with inflationary increases shown as the recosting. Clearly, if the staffing table did not increase, there would be no resource growth with the only increase in costs being attributable to inflation as part of the recosting exercise.

64. Historically, the Fund has never carried out this mid-biennium recosting exercise and, therefore, the base was always lower than it should have been.

65. In order to avoid this situation in the future, the Fund will carry out a recosting exercise, for posts, general temporary assistance and overtime only, as part of its revised budget exercise. The first recosting exercise will take place in 2008 and, therefore, the 2010-2011 and subsequent budget estimates will not contain that anomaly.

66. The following factors have been used in the calculation of resources:

(a) Delayed recruitment factors for both New York and Geneva for 2008 and 2009 have been applied to Professional continuing posts (95.1 per cent), Professional new posts (50.0 per cent), General Service continuing posts (98.5 per cent) and General Service new posts (65.0 per cent);

(b) The average annual rate of inflation applied for 2008 and 2009 for New York is 3.2 per cent and for Geneva 1.4 per cent;

(c) The exchange rate applied for 2008 and 2009 for Geneva is 1.262 (Swiss francs to dollars).

Tax equalization

67. Historically, provision has not been made for the tax settlement of those staff members who are taxed by their own Governments in the Fund's budget, with the cost of posts being budgeted using the standard salary tables net of staff assessment. However, payment was requested for such tax settlements by the United Nations for the year 2006, which amounted to $1,277,355 for the secretariat ($874,383) and IMS ($402,972). The cost for the 2006-2007 biennium is estimated at $2,323,100 for the secretariat ($1,517,100) and IMS ($806,000).

68. The Working Group of the Pension Board discussed this subject and recommended to the Pension Board that it request General Assembly approval, effective with the budget for 2006-2007, for tax reimbursements to be charged to the Tax Equalization Fund maintained by the Secretary-General in respect of United Nations General Fund activities (see paras. 6 and 9 of annex V).

3. Overall resources requested

69. **Human and financial resources requested in this submission for the Fund as a whole are given below along with estimated extrabudgetary resources and an estimate of bank interest generated on the Fund's operating bank account.**

Table 5
Human resources requirements

Category	*Established posts* 2006-2007	*Established posts* 2008-2009	*Temporary posts* 2006-2007	*Temporary posts* 2008-2009	*Extrabudgetary posts* 2006-2007	*Extrabudgetary posts* 2008-2009	*Total* 2006-2007	*Total* 2008-2009
Administrative								
Professional and above								
ASG	1	1	—	—	—	—	1	1
D-2	1	1	—	—	—	—	1	1
D-1	3	3	—	—	—	—	3	3
P-5	8	9	—	—	—	—	8	9
P-4[a]	12	17	—	—	—	—	12	17
P-3	24	25	—	—	—	—	24	25
P-2/1	1	1	—	—	—	—	1	1
Subtotal	**50**	**57**	—	—	—	—	**50**	**57**
General Service								
Principal level	7	8	—	—	—	—	7	8
Other level[a]	87	99	3	—	1	1	91	100
Subtotal	**94**	**107**	**3**	—	**1**	**1**	**98**	**108**
Total administrative	**144**	**164**	**3**	—	**1**	**1**	**148**	**165**
Investment								
Professional and above								
D-2	1	1	—	—	—	—	1	1
D-1	1	2	—	—	—	—	1	2
P-5	9	10	—	—	—	—	9	10
P-4[a]	8	8	—	—	—	—	8	8
P-3	2	5	—	—	—	—	2	5
Subtotal	**21**	**26**	—	—	—	—	**21**	**26**
General Service								
Principal level	5	9	—	—	—	—	5	9
Other level[a]	15	14	—	—	—	—	15	14
Subtotal	**20**	**23**	—	—	—	—	**20**	**23**
Total investment	**41**	**49**	—	—	—	—	**41**	**49**
Total pension fund	**185**	**213**	**3**[b]	—	**1**[c]	**1**[c]	**189**	**214**

[a] **Includes 1 P-4 and 1 General Service (Other level) post redeployed from IMS to IMSS as part of the information technology consolidation.**

[b] **3 existing temporary posts to be converted to established posts.**

[c] **1 extrabudgetary General Service (Other level) post funded by member organizations.**

70. As indicated in table 5 above, this submission provides for an additional 25 established posts, the reclassification of 2 posts and the conversion of 3 temporary posts to established posts as follows:

(a) Provision is made for the secretariat for 15 additional established posts (1 P-5, 3 P-4, 2 P-3, 1 General Service (Principal level), 8 General Service (Other level)) and the reclassification of 1 post (1 P-3 to P-4) and the conversion of 3 temporary posts to established posts (3 General Service (Other level)). Provision is also made for the continuation of one extrabudgetary post (1 General Service (Other level)) funded by member organizations;

(b) Provision is made for IMS for 10 additional established posts (1 D-1, 1 P-5, 1 P-4, 3 P-3, 3 General Service (Principal level), 1 General Service (Other level)) and the reclassification of 1 General Service (Other level) to General Service (Principal level). In addition, 1 P-5 post is redeployed from the Risk and Compliance Section to the Investments Section in exchange for 1 P-4;

(c) In addition, two posts (1 P-4, 1 General Service (Other level)) are being redeployed from IMS to the secretariat as part of the information technology consolidation.

Table 6

Financial resource requirements

(Thousands of United States dollars)

Category	*2004-2005 expenditure*	*2006-2007 appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*Apportionment*		*2008-2009 estimate*
			Amount	*Percentage*			*United Nations*	*Pension fund*	
Administrative costs									
Posts	24 646.8	29 415.2	3 761.8	12.8	33 177.0	2 075.7	11 231.8	24 020.9	35 252.7
Other staff costs	1 576.2	1 430.5	1 907.5	133.3	3 338.0	294.6	364.0	3 268.6	3 632.6
Travel	436.5	429.4	327.4	76.2	756.8	47.3	—	804.1	804.1
Contractual services	9 724.4	12 804.2	5 391.3	42.1	18 195.5	1 182.6	3 362.9	16 015.2	19 378.1
Hospitality	4.0	5.2	(2.2)	(42.3)	3.0	0.2	—	3.2	3.2
General operating expenses[a]	12 985.2	8 909.3	2 974.9	33.4	11 884.2	338.9	3 076.0	9 147.1	12 223.1
Supplies and materials	160.8	397.6	(172.6)	(43.4)	225.0	14.4	66.4	173.0	239.4
Furniture and equipment	6 098.6	4 189.8	—	—	4 189.8	271.8	465.9	3 995.7	4 461.6
Administrative total	**55 632.5**	**57 581.2**	**14 188.1**	**24.6**	**71 769.3**	**4 225.5**	**18 567.0**	**57 427.8**	**75 994.8**
Investment costs									
Posts	6 110.6	8 390.0	2 997.6	35.7	11 387.6	734.9	—	12 122.5	12 122.5
Other staff costs	193.5	365.8	242.5	66.3	608.3	48.7	—	657.0	657.0
Consultants	1 013.8	1 434.0	(134.0)	(9.3)	1 300.0	84.5	—	1 384.5	1 384.5
Travel	563.8	1 170.1	602.7	51.5	1 772.8	115.2	—	1 888.0	1 888.0
Contractual services	33 702.3	34 859.4	12 351.6	35.4	47 211.0	3 068.7	—	50 279.7	50 279.7
Hospitality	11.7	17.4	3.3	19.0	20.7	1.3	—	22.0	22.0
General operating expenses	2 209.4	1 731.0	3 903.1	225.5	5 634.1	232.3	—	5 866.4	5 866.4

Category	2004-2005 expenditure	2006-2007 appropriation	Resource growth		Total before recosting	Recosting	Apportionment		2008-2009 estimate
			Amount	Percentage			United Nations	Pension fund	
Supplies and materials	72.8	64.3	30.7	47.7	95.0	6.2	—	101.2	101.2
Furniture and equipment	291.2	3 113.4	(3 088.4)	(99.2)	25.0	1.6	—	26.6	26.6
Investment total	**44 169.1**	**51 145.4**	**16 909.1**	**33.1**	**68 054.5**	**4 293.4**	**—**	**72 347.9**	**72 347.9**
Audit costs									
External audit	378.8	565.8	74.7	13.2	640.5	41.6	113.7	568.4	682.1
Internal audit	989.1	1 373.1	375.0	27.3	1 748.1	159.5	317.9	1 589.7	1 907.6
Audit total	**1 367.9**	**1 938.9**	**449.7**	**23.2**	**2 388.6**	**201.1**	**431.6**	**2 158.1**	**2 589.7**
Board expenses	**—**	**—**	**58.9**	**—**	**58.9**	**3.8**	**—**	**62.7**	**62.7**
Total resources required	**101 169.5**	**110 665.5**	**31 605.8**	**28.6**	**142 271.3**	**8 723.8**	**18 998.6**	**131 996.5**	**150 995.1**
Extrabudgetary costs (after-service health insurance system)									
Operational activities	642.4	131.0	—	—	131.0	22.6	—	153.6	153.6

[a] Includes bank interest for the bienniums 2004-2005 and 2006-2007.

Income from operations	*Actual income*	*Estimated income*	
	2004-2005	*2006-2007*	*2008-2009*
Bank interest	3 897.6	8 417.1	8 417.1

71. As indicated in table 6 above, the overall increase in resources requested amount to $31,605,800 (before recosting), or 28.6 per cent, attributable to administrative costs ($14,188,100), investment costs ($16,909,100), audit costs ($449,700) and Board expenses ($58,900). Given below is an outline explanation of the increases in costs with detailed explanations and justification given for administrative costs (para. 75 and annex II), investment costs (para. 98 and annex III), audit costs (para. 124 and annex IV) and Board expenses (para. 127):

(a) The increase in resources of $14,188,100 in administrative costs comprises the proposed increase in posts ($3,761,800) and non-post costs ($10,426,300). Increases in non-post costs are primarily caused by the implementation of information technology and business projects ($6,177.000); information technology equipment maintenance ($1,711,600) and additional equipment ($395,000); increase in rental of premises ($1,408,300); travel of staff and representatives ($327,400) and communication charges ($539,300). Of the total increase, $2,946,500 is directly attributable to the information technology consolidation that would normally be requested under investment costs;

(b) The increase in resources of $16,909,100 in investment costs comprises the proposed increase in posts ($2,997,600) and non-post costs ($13,911,500). Increases in non-post costs are primarily caused by travel of staff ($553,700), contractual services for external legal consultants, third-party service providers and market data services ($10,373,400) and for rental of premises, including renovations ($3,934,300);

(c) Additional resources for audit amounting to $449,700 comprises an increase in the apportioned cost applicable to the Fund for the Board of Auditors ($74,700) and in relation to Internal Audit an increase in post costs ($310,000) and travel of staff ($61,000).

72. The estimated percentage distribution of resources and resources requested by component for the Fund is summarized in table 7 and table 8, respectively.

Table 7
Percentage distribution of resources by component: Fund

Component	*Regular budget*	*Extrabudgetary*
A. Executive direction and management	6.88	
B. Programme of work		
1. Operations	18.78	100.0
2. Investments	37.72	
Subtotal B	**56.50**	**100.0**
C. Support		
1. Information technology	23.67	
2. Administrative support	11.23	
Subtotal C	**34.90**	
D. Audit	1.68	
E. Pension Board	0.04	
Total	**100.00**	**100.0**

Table 8
Resource requirements by component: Fund
(Thousands of United States dollars)

Component	*2004-2005 expenditure*	*2006-2007 appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*Apportionment*		*2008-2009 estimate*
			Amount	*Percentage*			*United Nations*	*Pension Fund*	
1. Regular budget									
A. Executive direction and management	19 541.1	16 358.7	(6 567.2)	(40.1)	9 791.5	699.5	1 204.7	9 286.3	10 491.0
B. Programme of work									
1. Operations	20 958.6	22 300.4	4 423.7	19.8	26 724.1	1 688.8	8 002.7	20 410.2	28 412.9
2. Investments	37 659.5	40 208.1	13 459.9	33.5	53 668.0	3 475.2	—	57 143.2	57 143.2
Subtotal B	**58 618.1**	**62 508.5**	**17 883.6**	**28.6**	**80 392.1**	**5 164.0**	**8 002.7**	**77 553.4**	**85 556.1**
C. Support									
1. Information technology	20 825.8	28 400.0	5 269.7	18.6	33 669.7	2 179.6	5 896.5	29 952.9	35 849.3

Component	2004-2005 expenditure	2006-2007 appropriation	Resource growth		Total before recosting	Recosting	Apportionment		2008-2009 estimate
			Amount	Percentage			United Nations	Pension Fund	
2. Administrative support	816.6	1 459.4	14 511.1	994.3	15 970.5	475.7	3 463.1	12 983.1	16 446.2
Subtotal C	**21 642.4**	**29 859.4**	**19 780.8**	**66.2**	**49 640.2**	**2 655.3**	**9 359.6**	**42 936.0**	**52 295.5**
D. Audit	1 367.9	1 938.9	449.7	23.2	2 388.6	201.1	431.6	2 158.1	2 589.7
E. Pension Board	—	—	58.9	—	58.9	3.8	—	62.7	62.7
Total	**101 169.5**	**110 665.5**	**31 605.8**	**28.6**	**142 271.3**	**8 723.7**	**18 998.6**	**131 996.5**	**150 995.1**
2. Extrabudgetary	**642.4**	**131.0**	**—**	**—**	**131.0**	**22.6**	**—**	**153.6**	**153.6**

73. The requested additional posts are summarized in table 9.

Table 9
Summary of post requirements

Section	Action	Posts	Number of posts	Category
Administration				
Executive direction and management				
Office of the Chief Executive Officer				
Legal Office	New post	Chief, Legal Office	1	P-5
Policy and Analysis	New post	Policy and Analysis Officer	1	P-4
Programme of work				
Operations				
Pension Entitlements and Client Services Section	New post	Benefits Officer	1	P-3
	New post	Client Services Officer	1	P-3
	New post	Client Services Assistant	2	General Service (Other level)
	New post	Records Assistant	1	General Service (Other level)
	Conversion from temporary to established posts	Benefits Assistant	3	General Service (Other level)
Financial Services Section	New post	Business analyst	1	P-4
Geneva Office	New post	Chief, Client Servicing and Records Management Unit	1	P-4
	New post	Senior Benefits Assistant	1	General Service (Principal level)
	New post	Records Maintenance Unit Administrative Clerk	1	General Service (Other level)
	New post	Finance Assistant	1	General Service (Other level)

Section	Action	Posts	Number of posts	Category
	New post	Benefits Assistant	2	General Service (Other level)
Programme support				
Executive Office	Reclassification	Administrative Officer	1	P-3 to P-4
	New post	Facilities Management Assistant	1	General Service (Other level)
Investment				
Executive direction and management				
Office of the Director	New post	Senior Programme Officer	1	P-5
	Reclassification	Senior Administrative Assistant	1	General Service (Other level) to General Service (Principal level)
Programme of work				
Investments Section	New post	Chief Investments Officer	1	D-1
	New post	Investment Officer — Asian Equities	1	P-3
	New post	Investment Officer — European Equities	1	P-3
	New post	Investment Officer — Fixed Income	1	P-3
	New post	Investment Assistant — Chief Investments Officer	1	General Service (Other level)
Risk and Compliance Section	New post	Legal Officer	1	P-4
	New post	Senior Risk Assistant	1	General Service (Principal level)
	New post	Senior Compliance Assistant	1	General Service (Principal level)
Operations Section	New post	Senior Operations Assistant	1	General Service (Principal level)

B. Administrative costs

1. Overview

74. The secretariat is responsible for managing the United Nations Joint Staff Pension Fund under the authority of the Pension Board. It seeks to provide related services to participants, as well as pension revenues and related benefits to retirees and beneficiaries in the best conditions of security, performance, responsibility and accountability and in full compliance with the highest standards of efficiency, competence and integrity. In order to deliver such services, the Fund must deal with an increasingly complex set of regulations, linked to past decisions taken either on the grounds of economy measures or in response to strong social demand for new categories of beneficiaries. It must also continue to adapt its processes and procedures to an ever-changing banking and regulatory environment.

75. The overall level of resources for administrative costs amounts to $71,769,300 before recosting, reflecting a net increase of $14,188,100, or 24.6 per cent, from the revised appropriations for the 2006-2007 biennium. The net increase as shown in table 11 can be summarized as follows:

(a) *Executive direction and management*. The decrease of $6,061,400 relates to non-post requirements, primarily the Fund's reversion to the results-based budgeting style of presentation resulting in general operating expenses, mainly rental of premises, more correctly associated with support costs under programme support ($6,554,900). That has been offset by increases of $493,000 for the proposed two new posts (1 P-5, 1 P-4), by $72,000 for travel of staff, and by $189,300 for travel of representatives due to the establishment of the Audit Committee;

(b) *Programme of work, operations*. The increase of $4,423,700 is as a result of post requirements of $2,292,800 for the proposed 12 new posts (2 P-4, 2 P-3, 1 General Service (Principal level), 7 General Service (Other level)); and non-post additional resources of $2,130,900 in the form of (a) general temporary assistance ($1,865,400) to assist with the business side of a number of information technology-related projects; and (b) the net effect of general operating expenses ($500,100) (see table 46);

(c) *Programme support*. The increase of $15,825,800 is attributable to IMSS ($6,768,800) and the Executive Office ($9,057,000). For IMSS the increase in resources for posts is as a result of the redeployment of two posts from IMS (1 P-4, 1 General Service (Other level)) as part of the information technology consolidation ($725,400). With regard to non-post resources, the increase is primarily due to an increase in contractual services ($5,391,300), additional furniture and equipment ($106,000), and additional general operating expenses in the form of communication costs ($539,300). However, of this increase, $2,509,400 is attributable to IMS as additional costs as part of the information technology consolidation. With regard to the Executive Office, the increase is attributable to general operating expenses, primarily rental of premises ($8,497,200), previously requested under the Office of the Chief Executive Officer, and one new post (General Service (Other level)), the reclassification of one Administrative Officer post from the P-3 to the P-4 level and the additional costs of the P-3 Budget Officer, approved in the 2006-2007 biennium, costed as a continuing post ($250,600).

76. The estimated distribution of resources is shown in table 10 and resource requirements by component in Table 11.

Table 10
Percentage distribution of resources by component

Component	*Regular budget*	*Extrabudgetary*
A. Executive direction and management	6.3	
B. Programme of work (operations)	37.2	100.0
C. Support		
1. Information Management Systems Service	41.8	
2. Executive Office	14.7	
Subtotal C	**56.5**	
Total	**100.0**	**100.0**

Table 11
Resource requirements by component

(Thousands of United States dollars)

Component	*2004-2005 expenditure*	*2006-2007 appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*Apportionment*		*2008-2009 estimate*
			Amount	*Percentage*			*United Nations*	*Pension Fund*	
1. Regular budget									
A. Executive direction and management	14 776.5	10 591.5	(6 601.4)	(57.2)	4 530.1	340.1	1 204.7	3 665.8	4 870.5
B. Programme of work (operations)	20 958.6	22 300.4	4 423.7	19.8	26 724.1	1 688.1	8 002.7	20 410.2	28 412.9
C. Support									
1. Information Management Systems Service	19 080.8	23 229.9	6 768.8	29.1	29 998.7	1 941.1	5 896.5	26 043.4	31 939.8
2. Executive Office	816.6	1 459.4	9 057.0	620.6	10 516.4	255.1	3 463.1	7 308.4	10 771.5
Subtotal, support	**19 897.4**	**24 689.3**	**15 825.8**	**64.1**	**40 515.1**	**2 196.3**	**9 359.6**	**33 351.8**	**42 711.4**
Total	**55 632.5**	**57 581.2**	**14 188.1**	**24.6**	**71 769.3**	**4 225.5**	**18 567.0**	**57 427.8**	**75 994.8**
2. Extrabudgetary	**642.4**	**131.0**	**—**	**—**	**131.0**	**22.6**	**—**	**153.6**	**153.6**

2. Executive direction and management

Resource requirements (before recosting): $4,530,100

77. The Chief Executive Officer of the Fund is responsible for all activities required in the administration of the Fund and he supervises the Office of the Chief Executive Officer, Operations, Information Management Systems Service and the Executive Office. The Chief Executive Officer is responsible for the overall policy setting, direction, supervision and management of the Fund, including legal matters. The Chief Executive Officer also serves as Secretary of the United Nations Joint Staff Pension Board, its Standing Committee, the Committee of Actuaries, the Audit Committee and the United Nations Staff Pension Committee. His responsibilities also include the organization and servicing of those bodies.

78. The Chief Executive Officer/Secretary is assisted in his duties by the Deputy Chief Executive Officer, the Special Assistant to the Chief Executive Officer, the Senior Legal Officer and conference support and administrative staff. The Legal Office is responsible for providing a unified legal service for the Fund's management and operations and offering substantive, procedural and administrative servicing of the sessions of the Audit Committee and the Standing Committee (appeals) of the Pension Board as well as of the United Nations Staff Pension Committee (disability cases). The Office is responsible for ensuring that the Fund's operations comply with the UNJSPF Regulations and Rules, that the Regulations are consistently interpreted and that the legal interests of the Fund are otherwise adequately protected.

Table 12

Objectives for the biennium, expected accomplishments, indicators of achievement and performance measures

Objective of the Organization: To ensure full implementation of the Fund's programme of work in compliance with Regulations and Rules of the Fund and with decisions and guidelines issued by the Pension Board and General Assembly.

Expected accomplishments	**Indicators of achievement**
(a) Implementation of the Fund's programme of work as defined by the Fund's Management Charter	(a) Successful implementation of the detailed action plans *Performance measures* 2004-2005: 100 per cent Estimate 2006-2007: 100 per cent Target 2008-2009: 100 per cent
(b) Timely recruitment and placement of staff	(b) Reduction in the average number of days a Professional post remains vacant *Performance measures* 2004-2005: 250 days Estimate 2006-2007: 200 days Target 2008-2009: 150 days
(c) Improved gender balance of staff	(c) Increased percentage of women at the Professional level and above for appointments of one year or more *Performance measures* 2004-2005: 32 per cent Estimate 2006-2007: 35 per cent Target 2008-2009: 50 per cent

(d) Effective backstopping/servicing/ management of Boards and Committees	**(d) Satisfaction of Pension Board, Standing Committee, Committee of Actuaries, Audit Committee and Working Groups** ***Performance measures* (number of complaints)** **2004-2005: No complaints about support provided** **Estimate 2006-2007: No complaints about support provided** **Target 2008-2009: No complaints about support provided**

External factors

79. The Executive Direction and Management is expected to achieve its objective and expected accomplishments on the assumption that adequate human and financial resources are provided.

Outputs

80. During the biennium 2008-2009, the following outputs will be delivered:

(a) Development of a strategic plan for the Fund;

(b) Servicing of intergovernmental and expert bodies: 2 Pension Board sessions, 1 to be held in Rome and 1 in New York; 2 meetings of the Standing Committee; 2 meetings of the Committee of Actuaries, 6 meetings of the Audit Committee and approximately 4 Working Groups; 1 joint session of the Committee of Actuaries and the Investments Committee; 8 meetings of the United Nations Staff Pension Committees;

(c) Drafting of documents: approximately 100 papers for submission to the Pension Board, Committee of Actuaries and Working Groups; 15 notes to the Audit Committee in addition to the substantive, technical and administrative servicing of its sessions; 8 meetings of the United Nations Staff Pension Committees;

(d) Substantive, technical and administrative servicing of the sessions of the Standing Committee: preparation of approximately 12 requests for review/appeals to the Standing Committee, introducing the cases to the Committee and drafting its decisions; acting as a Respondent in the United Nations Administrative Tribunal in cases concerning pension matters, including the preparation of the Respondents' Answers (approximately 10); legal research, analysis of precedents, correspondence with the Applicants;

(e) Substantive, technical and administrative servicing of the sessions of the United Nations Staff Pension Committee (8): preparing applications for disability benefit (approximately 140 new adult cases, 40 child cases and approximately 190 review cases); 2 appeals cases;

(f) Other substantive activities:

(i) Efficient succession planning for retiring staff; advance planning to avoid vacancies by the retirement of staff and to encumber other vacant posts, owing to staff turnover, within five months of the vacancy being announced;

(ii) Efficient administration and control of the following:

- **Enterprise Resource Planning (ERP) Project;**
- **Business continuity and disaster recovery planning;**
- **Information technology consolidation;**
- **Asset liability management study;**
- **Enterprise-wide Risk Management;**
- **Data warehouse;**
- **Procurement Advisory Committee.**

(iii) Advice and assistance on maintaining privileges and immunities of the Fund; advice on questions relating to the interpretation and application of the UNJSPF Regulations, administrative polices and procedures; negotiations of agreements and other legal instruments with international and intergovernmental organizations; codification of jurisprudence of the Standing Committee and Administrative Tribunal cases.

Table 13
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2006-2007*	*2008-2009 (before recosting)*	*2006-2007*	*2008-2009*
Post	2 317.4	2 810.4	8	10
Non-post	8 274.2	1 719.7	—	—
Total	**10 591.6**	**4 530.1**	**8**	**10**

81. The amount of $4,530,100 provides for the continuation of eight existing posts and two new established posts (1 P-5, 1 P-4). Non-post resources relate to the Administration as a whole and comprise other staff costs, travel of staff, travel of the Committee of Actuaries and Audit Committee, actuarial services and hospitality. The large reduction in non-post resources is due to the reallocation of general operating expenses to programme support.

3. Programme of work

Operations

Resource requirements (before recosting): $26,724,100

82. Operations comprises the Pension Entitlements and Client Services Section, Financial Services Section and the Geneva Office. Headed by the Chief of Operations, responsibility is delegated for the management, leadership and direction

of the vast majority of staff in the UNJSPF who work in Operations in accordance with the goals set out in the management charter, while adhering to the Fund's quality management, internal control and communications policies. The Office is responsible for the management and control of the processing of UNJSPF benefit entitlements and quality and consistent client-orientated service to over 155,000 participants and beneficiaries worldwide. Additionally, the Financial Services Section provides comprehensive services through its Payments, Accounts and Cashier/Cash Management Units, managing a monthly payroll that is in excess of $1.5 billion per year.

Table 14
Objectives for the biennium, expected accomplishments and indicators of achievement

Objective of the Organization: To ensure that participants, beneficiaries and member organizations are serviced in accordance with the UNJSPF communications, quality management and internal control policies and as outlined in the UNJSPF Management Charter.

Expected accomplishments	Indicators of achievement
(a) Effective management of the processing of UNJSPF benefit entitlements	(a) The timely processing of withdrawal settlements and retirement benefits *Performance measures* (benchmark 15 business days) 2004-2005: 72 per cent of cases completed within 15 days Estimate 2006-2007: 68 per cent of cases completed within 15 days Target 2008-2009: 82 per cent of cases completed within 15 days
(b) Provide quality and consistent client-oriented services to the UNJSPF clientele	(b) Respond in a timely fashion to incoming correspondence through mail and e-mail *Performance measures* (benchmark 15 business days) 2004-2005: 31 per cent of queries responded to within 15 business days Estimate 2006-2007: 47 per cent of queries responded to within 15 business days Target 2008-2009: 55 per cent of queries responded to within 15 business days

(c) Effective management of the payment of UNJSPF benefit entitlements	**(c) (i) Timely payment of UNJSPF payroll** ***Performance measures* (monthly payroll paid on time)** **2004-2005: 100 per cent** **Estimate 2006-2007: 100 per cent** **Target 2008-2009: 100 per cent** **(ii) Timely payment of UNJSPF miscellaneous payments** ***Performance measures* (payments related to benefit reinstatements made within 15 days of receipt of the appropriate documents; all other payments within 30 days of receipt of the appropriate documents)** **2004-2005: 100 per cent** **Estimate 2006-2007: 100 per cent** **Target 2008-2009: 100 per cent**
(d) Provide quality and consistent contribution recording services to the UNJSPF clientele (member organizations and participants)	**(d) Timely processing of year-end schedules submitted by member organizations** ***Performance measures* (verify records for all participants within six weeks of receipt of year-end schedule)** **2004-2005: 100 per cent** **Estimate 2006-2007: 100 per cent** **Target 2008-2009: 100 per cent**
(e) Provide quality and consistent financial information and reports to management and governing bodies	**(e) Timely provision of financial statements** ***Performance measures* (draft statement issued by 15 April of the following year)** **2004-2005: (late)** **Estimate 2006-2007: by the due date** **Target 2008-2009: by the due date**

External factors

83. This component is expected to achieve its objectives on the assumption that adequate human and financial resources are provided and member organizations provide advance notice to the Fund of expected growth or reduction in their staffing tables during the upcoming biennium.

Outputs

84. During the biennium, the following outputs will be delivered:

Pension Entitlements and Client Services Section

(a) Process 20,000 withdrawal settlements and retirement benefits;

(b) Respond to 12,500 queries by mail and e-mail;

(c) Conduct 11,000 personal interviews from walk-in participants and beneficiaries;

(d) Redesign the current certificate of entitlement so as to make available a more user-friendly form for the beneficiary;

(e) Continue to review and update training materials for workshops and seminars. Provide seminars to participants, pensioners/beneficiaries and training to human resource staff of member organizations as warranted;

(f) Other substantive activities:

(i) Promulgate procedures for all work-types. Incorporate in the Knowledge Management System the procedures, precedent cases and samples for ready access by all staff so that internal controls, incorporating consistency of processing, are understood by all staff;

(ii) To enhance the Client Services provided to clientele, a Client Relationship Management System will be introduced. This will entail an enhancement to the UNJSPF website as well as tracking of phone calls. It will allow for detailed reporting on response time as well as analysis of subject matter to be used to enhance the frequently asked question and information booklets;

(iii) To improve the level of service to our participants, the website will be improved further by providing users who register access to a secure area to view their participant records;

(iv) In conjunction with enhancements to Content Manager (phase 2) and enhancements to the system interfaces with the human resource systems of the United Nations, the United Nations Development Programme, the United Nations Children's Fund and other member organizations, the participant mailing addresses will be captured, allowing for the automation of generating and mailing of standard letters, currently produced manually;

(v) Content Manager will also be enhanced to capture and display signatures from designation of beneficiary forms and electronic signatures databases, enabling easier and more accurate signature verification during benefit processing and the certification of entitlement exercise;

Financial Services Section

(g) Action taken on 9,100 pensionable remuneration exception cases, thereby reducing the number of cases;

(h) Successful and timely payment of 8,000 miscellaneous periodic payments;

(i) Successful and timely payment of 1,200,000 periodic payments;

(j) Issuance of 60,000 cheques to 89 different locations;

(k) Issuance of 14,000 cash listings to 10 different offices;

(l) Processing of 260,000 cost-of-living adjustments;

(m) Successful transmission of approximately 230 weekly and monthly payment files to paying bank(s) in accordance with schedules;

(n) All beneficiaries receive benefits with minimum delay;

(o) Monthly payroll is closed in accordance with payroll schedule and is available for transmission of payments according to agreed timetable;

(p) Production of three financial statements;

(q) Other substantive activities:

(i) Preparation of updated financial rules in the light of changes to United Nations adoption of the International Public Sector Accounting Standards;

(ii) Reduction in number of audit observations between reports (allowing for additional observations arising in the interim) on the areas under supervision and technical accounting issues;

(iii) Full reconciliation for all remitting entities to be produced in the specified timeframe of three to six months of the closing of the accounts for the financial year;

(iv) Full reconciliation of the data held in the master separation file records to payroll history records for the annual and biennial close;

(v) Conduct presentation and training on contribution-related participant reconciliation exception issues in New York, Geneva and with large reporting entities;

(vi) Certified bank reconciliation to be produced on time;

(vii) Bank reconciliation to be completed on a monthly basis.

Table 15
Resource requirements

Category	Resources (thousands of United States dollars) 2006-2007	2008-2009 (before recosting)	Posts 2006-2007	2008-2009
Post	19,881.0	22,173.8	109	121
Non-post	2,419.4	4,550.3	—	—
Subtotal	**22,300.4**	**26,724.1**	**109**	**121**
Extrabudgetary	131.0	131.0	1	1
Total	**22,431.4**	**26,855.1**	**110**	**122**

85. The amount of $26,724,100 provides for the continuation of 109 posts, 12 new established posts (2 P-4, 2 P-3, 1 General Service (Principal level), 7 General Service (Other level)). Non-post resources relate to general temporary assistance and bank charges. The increase in non-post resources is primarily due to bank charges that are now indicated as gross rather than net of bank interest and general temporary assistance for operations' involvement with IT projects (see table 55). In addition, costs associated with the Geneva Office that were, in previous budget submissions, identified specifically for the Geneva Office are now included in the relevant programmes for the secretariat as a whole.

86. During its 186th meeting, the Standing Committee reviewed a note on the after-service health insurance premium deduction programme undertaken by the Fund. As a result, extrabudgetary resources were approved, funded by participating member organizations and at no cost to the Fund. One General Service (Other level) post was funded in the biennium 2006-2007 and there is a requirement to continue the General Service post for the biennium 2008-2009. Provision is made for $131,000 (before recosting) for one General Service (Other level) post to be funded by member organizations participating in the after-service health insurance programme.

4. Programme support

Information Management Systems Service

Resource requirements (before recosting): $29,998,700

87. Under the guidance of the UNJSPF governance model for information and communication technology (ICT), the Information Management Systems Service (IMSS) is responsible for the Fund's Information System Services, maintaining information and communication technologies; coordinating the implementation of strategic decisions taken by the Information Technology Executive Committee; establishing training plans for information and communication technology staff and providing the necessary tools for supporting knowledge exchange and cooperative work. The service is responsible for the provision of overall computing, office automation, software/systems design, development and implementation, hardware support, telecommunications, infrastructure and conference room support. The Enterprise systems function undertakes the analysis, design, programming and implementation of complex customized and packaged applications that manage various mission critical operations of the Fund and its working interfaces with various member organizations. The Enterprise operations function coordinates and monitors the performance, security and integrity of the Fund's complex integrated systems network. It provides infrastructure support for enterprise-wide applications such as electronic mail, Pensys, Lawson, the Content Management System, the Pension Fund's Web Solution, data warehouse, and the knowledge management system and provides a Helpdesk and disaster recovery service for the Fund's operations. The Enterprise information management function manages the various multi-platform databases within the Fund and provides integrated reporting through the Fund's data warehouse reporting system.

88. In the 2008-2009 biennium, IMSS will continue to build upon the initiatives defined in the Fund's Management Charter, including knowledge management, seamless transaction sharing, risk management, quality management and communication. The IMSS will also provide consolidated IT-related services to the

entire UNJSPF, including the Investment Management Service. The objectives for the biennium 2008-2009 have evolved from the foundation set by the re-engineering projects performed from 2004-2007, while also recognizing the challenges of the upcoming consolidation of IT services with IMS. To achieve its goals and objectives, IMSS must place greater emphasis on project planning and quality management. Commonality in applications and a reduction in automated interfaces will create a seamless basis for information sharing on an "Enterprise" platform.

89. To achieve these objectives in the biennium 2008-2009, six major project initiatives have been defined:

(a) The member organization information sharing initiatives will expand upon applications related to interfaces with the member organizations as a means to electronically share more participant and beneficiary information, namely, all personnel actions and related financial transactions;

(b) The client services initiatives will provide a customer relationship management system and include a graphical signature comparison module to assist the Client Services Unit in managing their workload more efficiently, while reducing the risk of fraud;

(c) The web systems initiatives will provide beneficiaries and participants with direct access to personalized information through the use of custom web-based applications. Cost-of-living and benefit statements will also be generated on demand. Custom "portals" providing interactive communication between UNJSPF staff, member organizations, participants and beneficiaries will also be included in this project;

(d) The Enterprise systems initiatives will ensure that mission-critical business systems, (e.g., Content Management and Lawson) are current with vendor updates, releases and upgrades, while keeping pace with changes to the UNJSPF business model;

(e) The Enterprise operations initiatives will ensure that the UNJSPF computing infrastructure keeps pace with the changing requirements of business users while taking advantage of advanced technologies to support improvements in security, performance and quality of service;

(f) The IT consolidation with IMS initiative will ensure that there is seamless consolidation between the computing infrastructure of IMS and the UNJSPF Secretariat under one service, driven by a common service level agreement.

Table 16
Objectives for the biennium, expected accomplishments and indicators of achievement

Objective of the Organization: To ensure that information and communication technology is a strong enabler for strengthening and modernizing the UNJSPF information systems.

Expected accomplishments	**Indicators of achievement**
(a) Increased efficiency and effectiveness in service provided to clients	(a) (i) Percentage of service time, when computing infrastructure is available to clients *Performance measures* 2004-2005: 99.7 per cent Estimate 2006-2007: 99.9 per cent Target 2008-2009: 99.9 per cent
	(a) (ii) Percentage of service time, when pension applications are available to the clients *Performance measures* 2004-2005: 99.8 per cent Estimate 2006-2007: 99.9 per cent Target 2008-2009: 99.9 per cent
	(a) (iii) Percentage of service time, when outsourced financial applications and services are available to the client (*Investment Management Service*) *Performance measures* 2004-2005: not applicable Estimate 2006-2007: not applicable Target 2008-2009: 99.9 per cent
(b) Increased effectiveness of IT Governance Model, Software Development Methodologies and administrative processes	(b) (i) Percentage of IT systems at current level of support *Performance measures* 2004-2005: 80 per cent Estimate 2006-2007: 85 per cent Target 2008-2009: 100 per cent

(b) (ii) Percentage of Board-mandated projects completed

Performance measures

2004-2005: 87.5 per cent

Estimate 2006-2007: 90 per cent

Target 2008-2009: 100 per cent

(c) Increased use of electronic repositories for sharing information

(c) (i) Percentage of pension documentation (policies, procedures and regulatory) available within Knowledge Management System

Performance measures

2004-2005: not applicable

Estimate 2006-2007: 50 per cent

Target 2008-2009: 65 per cent

(c) (ii) Percentage reach of Pension Fund website for information sharing and communication on a global basis with all participants

Performance measures

2004-2005: 41 per cent

Estimate 2006-2007: 52 per cent

Target 2008-2009: 62 per cent

(c) (iii) Percentage reach of Pension Fund website for information sharing and communication on a global basis with the beneficiaries

Performance measures

Actual 2004-2005: 3 per cent

Estimate 2006-2007: 7 per cent

Target 2008-2009: 10 per cent

(d) Increased information security	**(d) Percentage increase in compliance, for the defined deliverables as per the ISO 17799 security standards, measured annually** ***Performance measures*** **2004-2005: 59 per cent** **Estimate 2006-2007: 78 per cent** **Target 2008-2009: 90 per cent**
(e) Improved sharing of electronic information with participants, beneficiaries and other clients	**(e) (i) Percentage of participants sharing Human Resources information electronically** ***Performance measures*** **2004-2005: 50 per cent** **Estimate 2006-2007: 75 per cent** **Target 2008-2009: 85 per cent**
	(e) (ii) Percentage of participants sharing financial information electronically[a] ***Performance measures*** **2004-2005: not applicable** **Estimate 2006-2007: not applicable** **Target 2008-2009: 10 per cent**

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[a] The financial data-collection project will commence in the 2008-2009 biennium.

External factors

90. This subprogramme is expected to achieve its objectives and accomplishments on the assumption that: (a) the evolution of technology is in line with related projections; (b) resources both internal and outsourced are made available in accordance with the project plan to meet the critical targets; and (c) stakeholders fulfil their responsibilities and obligations and extend their full cooperation in attaining the objectives of the ICT strategy, most importantly during the process review and redesign stages of activity.

Outputs

91. During the biennium 2008-2009, the following outputs will be delivered:

Enterprise operations services

(a) *Policy*: ensuring the conformity of all ICT services delivered by IMSS with policies of the UNJSPF Information Technology Executive Committee and relevant industry standards (e.g., ITIL, and CoBIT); development and

implementation of IT standards, technical expertise and information technology projects; enforcing network security in line with international security standard ISO 17799 (compliance and certification of security) for UNJSPF ITC infrastructure;

(b) *Connectivity*: management and maintenance of the telecommunications infrastructure connecting UNJSPF offices between New York and Geneva and other required entities, including member organizations and the International Computing Centre; expansion and hosting of e-mail domain, expansion and hosting of Internet and Intranet systems and hosting of the Pension Domain within the New York-based data centre;

(c) *Capital investment*: upgrading the UNJSPF New York backbone network infrastructure with robust capabilities to support large users with diverse requirements for high-speed mission-critical data, voice and video traffic to the desktop;

(d) *Facilities*: management and maintenance of the UNJSPF data centre facilities in New York, including implementation and maintenance of new and existing UPS; monitoring and management of systems like heating, ventilation and air conditioning, fire suppression systems, pre-action fire sprinklers and environmental monitoring devices; monitoring various applications, equipment and network loads/traffic from the command centre to prevent failure of services;

(e) *Information security*: periodic security risk assessments of technological structures and operations of UNJSPF offices within New York and Geneva and securing the network using various security tools like firewalls, anti-spam and anti-virus solutions;

(f) *User support/Helpdesk*: to provide technical, operational and Helpdesk support for applications, servers, personal computers and mobile devices connected to the UNJSPF networks within New York and Geneva; to provide system support for all software applications, such as Productivity applications, e-mail, Knowledge Management System and the Pension Fund custom applications, operation and support of conference room facilities and equipment, including audio/videoconferencing and projection functions;

(g) *Messaging*: provision and maintenance of electronic messaging services, including e-mail and e-fax systems; provision and maintenance of mobile messaging and communication using Blackberry services;

(h) *Investment Management Service*: support the investment business functions by providing a common IT infrastructure and secure electronic communications to achieve real-time access to financial market data, in-depth analytics, and full-cycle securities-trading straight-through-processing; support connectivity and access to Institutional Brokers Estimate System, which tallies available information about earnings forecasts made by investment analysts for publicly traded companies;

Enterprise systems services

(i) *Planning*: development and implementation of system design strategies to meet the organizations' changing business needs;

(j) *Development*: maintain systems that enhance productivity, by incorporating those that reduce manual processing of benefits, enhance participant

and beneficiary processing and relate to the new banking and accounting system interfaces;

(k) *Enterprise systems maintenance*: maintain and enhance Enterprise systems for core business operations and investment functions, including accounting and content management; enhance the client services applications by implementing the customer relationship management system;

(l) *Legacy systems maintenance*: maintain and enhance enterprise applications including;

Enterprise information services

(m) *Database administration*: implement, maintain and enhance the availability of UNJSPF databases across the various IT platforms; perform database upgrades to support the business requirements;

(n) *System programming*: implement and maintain database systems and programmes to provide mission critical data to various applications and interfaces;

(o) *Data warehouse support*: implement, maintain and enhance the availability of the UNJSPF data warehouse system; provide data cleansing and federation across various platforms;

(p) *Management reporting*: implement, maintain and enhance management reporting using Business Intelligence tools;

Project management services

(q) *Governance*: to enhance and implement the programme management infrastructure with strong governance, utilizing the model established by the IMSS governing bodies;

(r) *Enterprise solutions*: define, manage and implement the expanded Pension Fund portal solution to interface with participants and beneficiaries;

Quality and production control services

(s) *Quality standardization*: identify and document the requirement for various quality standards for implementation within the ICT service;

(t) *Change management*: identify and implement a complete change management framework;

(u) *Perform and manage information technology audits*: manage and comply with internal and external audit observations as it relates to IT services;

(v) *Service level agreements*: compile statistics and manage the service level agreements of IMSS;

(w) *Production control*: oversee the quality control function to ensure that all systems are placed into the production environment only after undergoing a comprehensive evaluation and user acceptance test;

Contract management services

(x) Monitor and manage the various components of the IMSS budget; administrative support for ICT services, including the processing of contracts and related invoices; manage the various assets of the service; manage the relationship with vendors, including technology partners, contractors and outsourced relationships.

Table 17
Resource requirements

Category	Resources (thousands of United States dollars) 2006-2007	Resources (thousands of United States dollars) 2008-2009 (before recosting)	Posts 2006-2007	Posts 2008-2009
Post	6 021.4	6 746.8	24	26
Non-post	17 208.5	23 251.9	—	—
Total	**23 229.9**	**29 998.7**	**24**	**26**

92. The amount of $29,998,700 provides for the continuation of 24 posts and the redeployment of 2 posts from IMS as part of the IT consolidation (1 P-4, 1 General Service (Other level)) and for non-post requirements. Non-post resources relate to other staff costs, travel of staff, contractual services, general operating expenses and supplies, furniture and equipment. The increase in non-post resources is due to IT projects and additional equipment.

Executive Office

Resource requirements (before recosting): $10,516,400

93. The Executive Office provides the administrative and programme support necessary for the implementation of the activities of the Fund. It assists the Chief Executive Officer and Director of IMS in the preparation of the biennial budget submission and provides the relevant support services for the efficient utilization of human and financial resources. It also supplies a general administration and facilities management service.

Table 18
Resource requirements

Category	Resources (thousands of United States dollars) 2006-2007	Resources (thousands of United States dollars) 2008-2009 (before recosting)	Posts 2006-2007	Posts 2008-2009
Post	1 195.4	1 446.0	6	7
Non-post	264.0	9 070.4	—	—
Total	**1 459.4**	**10 516.4**	**6**	**7**

94. The amount of $10,516,400 provides for the continuation of six posts, the establishment of one new post (General Service (Other level)) and the reclassification of one Administrative Officer post from the P-3 to the P-4 level and for non-post requirements for general operating expenses, primarily rental of premises, supplies and materials, and furniture and equipment. The large increase in non-post resources is due to general operating expenses (rental of premises, rental of equipment, operating expenses, external printing) and supplies and materials previously requested under the Office of the Chief Executive Officer and the Geneva Office that are now more appropriately placed under programme support.

C. Investment costs

1. Overview

95. The IMS overall mandate is to generate total portfolio returns required to meet the liability demands of the plan, while taking on the minimum level of risk necessary to generate returns adequate for the Fund under the delegated authority from the Representative of the Secretary-General in accordance with article 19 of the Regulations and Rules of the United Nations Joint Staff Pension Fund. It will require the appropriate allocation of risk budgets to individual mandates/asset classes. In doing so, IMS should articulate the investment risk that is necessary for the returns expected to meet its liability obligation, and try to eliminate the operational, compliance and investment risks which will not produce returns for the Fund, and conduct coordinated monitoring of each sub-categorized part of the portfolio to ensure that the total risk budget is not exceeded and to achieve return targets expected for the Fund's portfolio.

96. During the biennium 2008-2009 the Investment Management Service will concentrate its efforts on building up capacity of investment management and placing tighter risk control for the Fund's investments. In the light of this, it is proposed to strengthen and increase its capacity of the investment team and the operation team by adding more staff. The request for additional staff includes one post for a Senior Programme Officer, who will support the Director in communicating with various concerned parties and help to coordinate procurement processes for services required by IMS. Additional posts are also requested for legal review and for risk and compliance monitoring. In order to enhance the risk control of the Fund's investments, it is necessary to delineate risk budgets for the Fund's portfolios, by articulating the investment risk that is necessary for the returns expected to meet its liability obligation and appropriately allocating the risk budgets to specific portfolios. Resources are requested to conduct a study to determine appropriate risk budgets for the Fund's investments.

97. The Secretary-General signed off Principles for Responsible Investments in April 2006, and IMS intends to implement the principles in the portfolio management. Resources are requested to conduct a study to establish the best possible implementation plan.

98. The overall level of resources for the Investment Management Service amounts to $68,054,500 before recosting, reflecting a net increase of $16,909,100, or 33.1 per cent, from the revised appropriations for the biennium 2006-2007. The net increase as shown in table 20 below can be summarized as follows:

(a) *Executive direction and management*: the decrease of $505,800 relates to one additional post ($224,200) and a net reduction of non-post costs amounting to $730,000, primarily comprising increases in training ($242,500) and travel of staff ($553,700), with a reduction in general operating expenses ($1,390,600), in the main rental of premises, being more correctly associated with programme support costs;

(b) *Programme of work*: the increase of $13,459,900 is attributable to 10 additional posts ($3,086,500) and non-post resources of $10,373,400, entirely due to contractual service associated with investments;

(c) *Programme support*: the increase of $3,955,000 is attributable to a decrease in the Information Systems Section (ISS) of $1,499,100, offset by an increase in administrative support of $5,454,100. The decrease in ISS is as a result of the IT consolidation and the increase in administrative support due to general operating expenses that were previously associated with the Office of the Director.

99. The estimated distribution of resources is shown in table 19 and resource requirements by component in table 20.

Table 19
Percentage distribution of resources by component

Component	*Regular budget*
A. Executive direction and management	7.7
B. Programme of work	
1. Investments	73.8
2. Risk and compliance	2.3
3. Operations	2.8
Subtotal, programme of work	**78.9**
C. Support	
1. Information Systems Section	5.4
2. Administrative support	8.0
Subtotal, support	**13.4**
Total	**100.0**

Table 20
Resource requirements by component
(Thousands of United States dollars)

Component	*2004-2005 expenditure*	*2006-2007 appropri-ation*	*Resource growth*		*Total before recosting*	*Recosting*	*Apportionment*		*2008-2009 estimate*
			Amount	*Percentage*			*United Nations*	*Pension Fund*	
A. Executive direction and management	4 764.6	5 767.2	(505.8)	(8.8)	5 261.4	359.1	—	5 620.5	5 620.5
B. Programme of work									
1. Investments	36 112.2	37 928.3	12 278.4	32.4	50 206.7	3 240.1	—	53 446.8	53 446.8
2. Risk and compliance	—	478.2	1 060.1	221.7	1 538.3	83.0	—	1 621.3	1 621.3
3. Operations	1 547.3	1 801.6	121.4	6.7	1 923.0	152.1	—	2 075.1	2 075.1
Subtotal, programme of work	**37 659.5**	**40 208.1**	**13 459.9**	**33.5**	**53 668.0**	**3 475.2**	**—**	**57 143.2**	**57 143.2**
C. Support									
1. Information Systems Section	1 745.0	5 170.1	(1 499.1)	(29.0)	3 671.1	238.5	—	3 909.5	3 909.5
2. Administrative support	—	—	5 454.1	—	5 454.1	220.6	—	5 674.7	5 674.7
Subtotal, support	**1 745.0**	**5 170.1**	**3 955.0**	**76.5**	**9 125.1**	**459.1**	**—**	**9 584.2**	**9 5842**
Total	**44 169.1**	**51 145.4**	**16 909.1**	**33.1**	**68 054.5**	**4 293.4**	**—**	**72 347.9**	**72 347.9**

2. Executive Direction and Management, Investment Management Service

Resource requirements (before recosting): $5,261,400

100. The Director of the Investment Management Service is responsible for all activities of the investments of the Fund and supervises four organizational entities, namely, the Investments Section, the Risk and Compliance Section, the Operations Section and the Information Systems Section. The Director is responsible for the overall policy setting, direction, supervision and management of the Fund's investments under the delegated authority and supervision of the Representative of the Secretary-General. The Director also provides support to the Representative of the Secretary-General in communicating with the United Nations Joint Staff Pension Board and the Investments Committee.

101. The objectives of the Office of the Director are twofold. The office should support the Director's effective interaction with the governing bodies of the Fund, i.e., the Investments Committee, the Pension Board, Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee. On the other hand, the office is also responsible for providing necessary administrative support to the Director and staff in all tasks and responsibilities relating to IMS mandate and workplan. In so doing, the office provides the staff of IMS with administrative services in all matters relating to administration, recruitment, human resources, official travel, some budget and finance, etc., and maintains relevant files and records. The office liaises with relevant units within the UNJSPF secretariat and departments within the secretariat.

Table 21
Objectives for the biennium, expected accomplishments and indicators of achievement

Objective of the Organization: To ensure full implementation of legislative mandates and compliance with United Nations policies and procedures and the Regulations and Rules of the Fund with respect to the management of the Fund's programme of work in relation to investments and of staff and financial resources.

Expected accomplishments	Indicators of achievement
(a) Timely recruitment and placement of staff	(a) Reduction in the average number of days a Professional post remains vacant
	Performance measures
	2004-2005: 296 days
	Estimate 2006-2007: 230 days
	Target 2008-2009: 200 days
(b) Improved gender balance of staff	(b) Increased percentage of women at the Professional level and above for appointments of one year or more
	Performance measures
	2004-2005: 50 per cent
	Estimate 2006-2007: 50 per cent
	Target 2008-2009: 50 per cent
(c) Effective backstopping/servicing/ management of Investments Committee and reporting to legislative bodies	(c) Timely submission of reports to the Investments Committee, Pension Board, Advisory Committee on Administrative and Budgetary Questions, Fifth Committee
	Performance measures (reports submitted on time)
	2004-2005: 100 per cent
	Estimate 2006-2007: 100 per cent
	Target 2008-2009: 100 per cent

External factors

102. The objective and expected accomplishments under executive direction and management are expected to be achieved consistently and on the assumption that: (a) all stakeholders will be supportive of the efforts of and will extend full cooperation to the Investment Management Service; and (b) there are no significant

shortfalls in funding for implementation of the mandates established by the General Assembly and the Pension Board.

Outputs

103. During the biennium 2008-2009, the following outputs will be delivered:

(a) Servicing of 10 Investment Committee meetings, including two with the Pension Board (two of which will be held outside New York);

(b) Drafting of discussion papers and reports for submission to the Investments Committee, Pension Board, Advisory Committee on Administrative and Budgetary Questions, Fifth Committee;

(c) Other substantive activities:

(i) Effective development of a workplan for Investment Management Service to carry out its mission, and implementation of the plan;

(ii) Efficient planning, recommendation and implementation thereof of the investment policy and strategy; guidelines on asset allocation ranges, currency holdings, market weightings, strategic and tactical short-term allocations; investment opportunities; information systems and operational infrastructure;

(iii) Effective and timely negotiation of various contracts and the performance evaluation thereof with regional discretionary and non-discretionary investment advisers, global custodian and master record-keeper, and other service providers.

Table 22
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2006-2007*	*2008-2009 (before recosting)*	*2006-2007*	*2008-2009*
Post	1 335.4	1 559.6	6	7
Non-post	4 431.8	3 701.8	—	—
Total	**5 767.2**	**5 261.4**	**6**	**7**

104. The amount of $5,261,400 provides for the continuation of six posts, the establishment of one new post (1 P-5) and the reclassification of one post (1 General Service (Other level) to General Service (Principal level)) and for non-post resources relating to the Investment Management Service as a whole and comprises other staff costs, consultants, travel of staff and the Investment Committee and hospitality.

3. Programme of work

Investment Section

Resource requirements (before recosting): $50,206,700

105. The Investments Section is responsible for the safe and profitable investment of the Fund's assets. These include investments in equities, both in developed and

emerging markets global fixed income, real estate and cash management in a multicurrency setting. The primary functions involve the monitoring of current portfolios, keeping abreast of and tracking developments in the financial markets; and making and executing investment decisions. Involved in the fulfilment of these are the preparation of financial analysis, meetings and conference attendance, and visits and travel to countries to meet analysts and companies' management. A secondary function is contributing to the elaboration of reports to all the governing bodies.

Table 23
Objectives for the biennium, expected accomplishments and indicators of achievement

Objective of the Organization: The long-term objectives are: (a) to preserve the principal of the Fund in real terms; (b) to obtain optimal return without undue risk; and (c) to diversify the portfolio with respect to the asset type, currency and geography.

Expected accomplishments	**Indicators of achievement**
(a) A long-term objective of an annualized real rate of return for the investments of the Fund of 3.5 per cent, as adjusted by the United States Consumer Price Index	**(a) A positive return over the 3.5 per cent objective of the Fund** ***Performance measures (measured over a 10-year period ended in March of the second year of the biennium)*** **2004-2005: outperformed the benchmark by 250 basis points** **2006-2007: outperformed the benchmark by 280 basis points** **Target 2008-2009: long-term target of the annualized real rate of return of 3.5 per cent**
(b) A consistent outperformance of the policy benchmark by the Fund's investments	**(b) Outperform the (Market) benchmarks** ***Performance measures (measures over a 5-year period ended in March of the second year of the biennium)*** **2004-2005: outperformed the benchmark by 130 basis points** **2006-2007: outperformed the benchmark by 120 basis points** **Target 2008-2009: outperform the benchmark**

(c) The portfolio risk level is commensurate with target investment returns	**(c) Outperform the risk-adjusted benchmark** ***Performance measures (measured over a 10-year period ended in March of the second year of the biennium)*** **2004-2005: the Sharpe ratio of the Fund's portfolio was 0.50 against 0.45 Sharpe ratio of the 60/40 benchmark** **2006-2007: the Sharpe ratio of the Fund's portfolio was 0.58 against 0.48 Sharpe ratio of the 60/31 benchmark** **Target 2008-2009: maintain a 10-year Sharpe ratio of the portfolio close or higher than Sharpe ratio of the policy benchmark**
(d) Reduce currency risk and country risk by sound diversification. Hence, avoiding overexposure to a single currency and a single country	**(d) Diversification of the Fund's investments by country and by currency** ***Performance measures*** **2004-2005: invested in 25 currencies and 45 countries** **Estimate 2006-2007: invested in 27 currencies and 48 countries** **Target 2008-2009: further refine the allocation of the Fund's assets by currency and by country as appropriate**

External factors

106. The objective and expected accomplishments under executive direction and management are expected to be achieved on consistency and the assumption that: (a) all parties associated with the Investment Team (internal and external) will be supportive of the efforts of and will extend full cooperation to the Investment Team; and (b) there is no significant negative deviation of the capital market returns from the expected return on an aggregated basis compared to the expected returns, and/or significant difference in the actual market fluctuations, used to establish strategic asset allocation.

Outputs

107. IMS generates approximately 14 detailed reports that include quarterly investment reviews (Blue Books) to the Investment Committee; annual reports to the UNJSPF Pension Board, Advisory Committee on Administrative and Budgetary Questions and Fifth Committee. Day-to-day activities over the course of the biennium include researching a universe of up to 1950 companies globally depending on equity conditions and regional economic environments.

Table 24
Resource requirements

Category	Resources (thousands of United States dollars)		Posts	
	2006-2007	2008-2009 (before recosting)	2006-2007	2008-2009
Post	3 773.7	5 678.7	18	23
Non-post	34 154.6	44 528.0	—	—
Total	**37 928.3**	**50 206.7**	**18**	**23**

108. The amount of $50,206,700 provides for the continuation of 18 posts and the establishment of 5 new posts (1 D-1, 3 P-3, 1 General Service (Other level)) and for non-post resources comprising contractual service. The increase in non-post resources is due to an increased provision for management of the small capitalization portfolio and market data services offset by a reduction in the costs of the master record-keepers.

Risk and compliance

Resource requirements (before recosting): $1,538,300

109. The Risk and Compliance Section is a newly established section put in place to improve the effectiveness of the risk management and compliance monitoring processes and enhance the system of internal controls covering the Fund's investments. The section consists of three units, the Risk Unit, Compliance Unit, and Legal Unit.

Table 25
Objectives for the biennium, expected accomplishments and indicators of achievement

Objective of the Organization: To monitor and control the financial, legal and reputation risks entailed in IMS investments activities.

Expected accomplishments	Indicators of achievement
(a) To successfully oversee the risks entailed in the Fund's investment operations	(a) Number of investment trades effectively covered by monitoring activities *Performance measures* 2004-2005: not available[a] Estimate 2006-2007: 100 per cent Target 2008-2009: 100 per cent

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[a] The Risk and Compliance Section was authorized with effect from 1 January 2006.

(b) To ensure compliance with the approved IMS policies and guidelines	(b) Percentage of transactions in compliance with approved IMS guidelines *Performance measures* 2004-2005: not available Estimate 2006-2007: not available Target 2008-2009: 100 per cent
(c) To establish risk budgets appropriate for the investments of the UNJSPF	(c) Percentage of compliance with deadlines for the issuance of reports *Performance measures* 2004-2005: not available Estimate 2006-2007: not applicable Target 2008-2009: 100 per cent
(d) To ensure compliance with the terms and conditions of IMS service-provider contracts	(d) Number of cases of non-compliance of terms and conditions of service-provider agreements *Performance measures* 2004-2005: not available Estimate 2006-2007: not available Target 2008-2009: none
(e) To review in a timely manner legal documents regarding real estate investments	(e) Percentage of real estate investments implemented within 30 days of approval *Performance measures* 2004-2005: not available Estimate 2006-2007: not available Target 2008-2009: 100 per cent

External factors

110. The Risk and Compliance subprogramme is expected to achieve its objective and expected accomplishments on the assumption that all external parties will be supportive of the efforts of and will extend full cooperation to the section.

Outputs

111. During the biennium 2008/2009, the following final outputs will be delivered:

Risk

(a) Create and monitor on a monthly basis an annual risk budget;

(b) Introduce a risk model and production of 8 quarterly reports;

(c) Compile performance analysis reports on a monthly, quarterly and yearly basis (total reports 24);

(d) Compile risk analysis reports on a monthly, quarterly and yearly basis (24 reports);

(e) Performance analysis and risk analysis in the Blue Book for the Investments Committee;

Compliance

(f) Creation and maintenance of a compliance policy document;

(g) Establishment and maintenance of a code of ethics reference paper;

(h) Role as a contact point for compliance queries from staff;

(i) Administration of written periodic acknowledgements of awareness of codes of ethics (2 programmes covering the requested 53 IMS staff members);

(j) Oversight of the maintenance of records of gifts;

(k) Coordination of the financial disclosure programme for IMS (2 programmes covering the expected 53 IMS staff members);

(l) Organization of training programmes on code of ethics, as and when appropriate;

(m) Creation and maintenance of a Compliance Procedures Manual;

(n) Completion of 8 periodic compliance reviews of the Fund's investment operations, carried out in order to determine, based on representative testing, whether rules and regulations, policies and related procedures, in particular the IMS Investment Policy, are complied with, to ensure effective management of the Fund's compliance risks, identify and rectify unwarranted exposures, and document and evaluate the effectiveness of internal controls;

(o) Coordination of the adoption of tailored compliance-monitoring applications, that may be provided by the global custodian and master record-keeper and/or the selected provider of the new order and trade management system and the financial consolidation data warehouse;

(p) Preparation of 8 reports to senior management on compliance matters, referring in particular to the results of the compliance risk reviews, summarizing any identified breaches or deficiencies, and the corrective measures recommended to address them, if any;

(q) Preparation of reports to the Investments Committee and the Audit Committee of the Board, as deemed appropriate by senior management;

(r) Liaison with relevant external bodies on compliance-matters (e.g., approved brokers, regulators, standard-setting bodies, etc.);

(s) Role as primary point of reference of IMS for United Nations departments as the Ethics Office or the Office of Internal Oversight Services;

Legal

(t) Preparation of draft contracts and/or amendments, as appropriate, for service providers (e.g., Global Custodian, 4 Small Cap Managers and 4 Investment Advisers);

(u) Completion of legal documentation for the Fund's real estate investments (20 investments expected in the period);

(v) Performance of annual reviews to ensure compliance with the terms and conditions of 9 IMS service-provider contracts (18 reviews);

(w) Provision of legal advice to the Operations Sections for the recovery of withheld taxes due to the Fund (currently historical tax reclaims amount to $8.8 million in 7 different countries).

Table 26
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2006-2007*	*2008-2009 (before recosting)*	*2006-2007*	*2008-2009*
Post	478.2	1 538.3	3	6
Total	**478.2**	**1 538.3**	**3**	**6**

112. The amount of $1,538,300 provides for the continuation of three posts and the establishment of three new posts (1 P-4, 2 General Service (Principal level)).

Operations

Resource requirements (before recosting): $1,923,000

113. The Operations Section is responsible for the back-office operations and accounting of investment transactions. It works closely with the global custodian/master record keeper to ensure that all trades are settled in a timely and accurate manner and all investment activities are properly recorded for financial statement preparation and performance reporting. The Section is also responsible for the production of daily cash projections to aid the Investment Officers in the proper management of cash. Moreover, the Operations Section maintains the IMS budget, monitors expenditures against budget allocations and processes payments thereof.

Table 27
Objectives for the biennium, expected accomplishments and indicators of achievement

Objective of the Organization: To ensure that the security of the Fund's assets is maximized by accurate and timely settlement, recording and reconciliation of all transactions including supervision of the master record keeper. Also, to ensure accurate reports of the transactions and financial status of the investments of the Fund and ensure effective support to the Director in developing the IMS budget and monitoring and processing of the expenses.

Expected accomplishments	Indicators of achievement
(a) Successful back-office management of the settlement of trade transactions and FX transactions	(a) Timely settlement of all properly authorized investment trades within market settlement dates
	Performance measures
	2004-2005: 100 per cent
	Estimate 2006-2007: 100 per cent
	Target 2008-2009: 100 per cent
(b) Improved financial statements and financial management reports	(b) Unqualified audit opinion of the Board of Auditors on financial statements
	Performance measures
	2004-2005: unqualified audit opinion
	Estimate 2006-2007: unqualified audit opinion
	Target 2008-2009: unqualified audit opinion

External factors

114. This subprogramme is expected to achieve its objectives on the assumption that the Global Custodian will deliver the services delineated in the contract and to assure that proper controls are in place to provide the security of all fund assets and allow for the timely and accurate generation of all information required by IMS.

Outputs

115. During the biennium 2008/2009, the following final outputs will be delivered:

(a) Settle 3,700 securities trading transactions;

(b) Settle 560 currency exchange orders;

(c) Carry out 24,000 reconciliations of securities, corporate actions, dividends, maturities and commercial papers;

(d) Control administrative expenses including the completion of 24 monthly budget status reports, 1 biennium budget, 1 revised budget and 2 performance reports;

(e) Issue all IMS pre-encumbrances with supporting documentation for purchase of all goods and services required by the office (80);

(f) Produce 3 financial statements.

Table 28
Resource requirements

	Resources (thousands of United States dollars)		Posts	
Category	*2006-2007*	*2008-2009 (before recosting)*	*2006-2007*	*2008-2009*
Post	1 801.6	1 923.0	10	11
Total	**1 801.6**	**1 923.0**	**10**	**11**

116. The amount of $1,923,000 provides for the continuation of 10 posts and the establishment of 1 new post (1 General Service (Principal level)).

4. Programme support

Information Systems Section

Resource requirements (before recosting): $3,671,000

117. The Information Systems Section is responsible for the technology, applications, policies, procedures and management of projects dedicated to the investment process, namely: portfolio management; trade and order execution (straight-through processing); investment pre- and post-compliance; portfolio risk analysis and performance measurement for different asset classes; back-office support; reporting and reconciliation of different databases; global custodian master record keeper, brokers and real-time market data. The section performs systems analysis to translate complex investment processes into complex technical requirements, and procures technology directly supporting the investment processes.

Table 29
Objectives for the biennium, expected accomplishments and indicators of achievement

Objective of the Organization: To provide Information Technology solutions and technological support to the investment processes of the Fund.

Expected accomplishments	Indicators of achievement
(a) Provide and support real-time financial market data and analytical tools relevant to the financial industry and portfolio management	(a) Reduction of the number of times service is unavailable and the duration of such downtime *Performance measures* (percentage of service time when service is unavailable to users) 2004-2005: 0.5 per cent Estimate 2006-2007: 0.25 per cent Target 2008-2009: 0.13 per cent
(b) Increase effectiveness of the investment process	(b) Number of applications and/or tools supporting the investment processes of the Fund *Performance measures* 2004-2005: 1 application/tool Estimate 2006-2007: 3 applications/tools Target 2008-2009: 3 applications/tools

External factors

118. The subprogramme is expected to achieve its objective and expected accomplishments on the assumption that evolution of technology and developments in related industries; and stakeholders fulfil their responsibilities and obligations and extend their full cooperation in attaining the objectives of the information and technology component of the investment strategy.

Outputs

119. During the biennium 2008-2009, the following outputs will be delivered:

(a) Operational support to ensure access to real-time financial market data, investment-decision analytical tools, benchmark indices, globe news, securities pricing, financial data, economic and companies research, broker's forecasting estimates, including an average of 2,200 financial transactions for a total volume of $37 billion per annum, which covers data storage, data transmission, accounting information, information on performance measurement of holdings and transactions versus the benchmark indices. Support for all investment-related ICT services, including the preparation of all statement of work for each technical procured good and/or service, and certifications of items received;

(b) Implementation and test of a hot-site disaster recovery and business continuity plan;

(c) Analysis, implementation and support of three new systems:

(i) *Portfolio risk analysis and performance attribution system*: this system will implement an automated solution to achieve effective monitoring of investment performance and risks undertaken;

(ii) *Electronic order management and trading system*: the system application provides links to real-time financial data, brokers, accounting, custodial, and virtual matching utilities to streamline downstream order-trading processing, it will be integrated with a compliance pre-trading and post-trading module;

(iii) *Financial reconciliation reporting system*: this solution consolidates all various financial real-time data sources. It secures all centrally administered data repository for all information imported from all the diverse and different investment data sources. It provides sophisticated reporting capabilities, data verification, reconciliation, in-depth analysis, and internal audit.

Table 30
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2006-2007*	*2008-2009 (before recosting)*	*2006-2007*	*2008-2009*
Post	1 001.1	688.0	4	2
Non-post	4 169.0	2 983.0	—	—
Total	**5 170.1**	**3 671.0**	**4**	**2**

120. The amount of $3,671,000 provides for the continuation of two posts and the redeployment of two posts (1 P-4, 1 General Service (Other level)) to IMSS as part of the IT consolidation and non-post resources comprising contractual service and general operating expenses.

Administrative support

Resource requirements (before recosting): $5,454,100

121. In previous submissions, administrative support costs such as general operating expenses were requested under the Office of the Director. However, the present proposed budget is submitted in results-based budget format and, therefore, in order to more correctly indicate costs incurred by executive direction and management, administrative support costs are now requested under programme support.

Table 31
Financial resource requirements

Category	Resources (thousands of United States dollars) 2006-2007	Resources (thousands of United States dollars) 2008-2009 (before recosting)	Posts 2006-2007	Posts 2008-2009
Non-post	—	5 454.1	—	—
Total	—	**5 454.1**	—	—

122. Non-post resources comprise general operating expenses (rental of premises, rental of equipment, operating expenses, external printing) and supplies and materials.

D. Audit costs

Resources requested (before recosting): $2,388,600

123. The distribution of resources is shown at table 32.

Table 32
Financial resource requirements

Category	Resources (thousands of United States dollars) 2006-2007	Resources (thousands of United States dollars) 2008-2009 (before recosting)	Posts 2006-2007	Posts 2008-2009
External Audit	565.8	640.5	—	—
Internal Audit	1 373.1	1 748.1	—	—
Total	**1 938.9**	**2 388.6**	—	—

124. The amount of $2,388,600 covers the estimated requirements for external audit ($640,500) as requested by the Board of Auditors and for internal audit ($1,748,100) as requested by the Office of Internal Oversight Services.

1. External audit

Resource requirements (before recosting): $640,500

125. Provision is made in the amount of $640,500 for the costs associated with the Board of Auditors and apportioned to the Fund by the secretariat of the Board.

2. Internal audit

Resource requirements (before recosting): $1,748,100

126. The amount of $1,748,100 provides for the continuation of three general temporary assistance posts (1 P-5, 1 P-4, 1 General Service (Other level)), two general temporary assistance posts for 24 months that were funded for 12 months only in the biennium 2006-2007 (1 P-4, 1 P-3) and for non-post resources

comprising travel of staff, contractual service, general operating expenses, supplies and materials, and furniture and equipment.

E. Board expenses

Resources requested (before recosting): $58,900

Table 33
Financial resource requirements

	Resources (thousands of United States dollars)		Posts	
Category	2006-2007	2008-2009 (before recosting)	2006-2007	2008-2009
Board expenses	—	58.9	—	—

127. Board expenses, comprising administrative costs of Board sessions, the Chairman's travel expenses and travel expenses of working groups are currently apportioned among member organizations on the basis of the number of participants at the end of the year prior to that in which the expenditure took place. At its fifty-third session the Board recommended that Board expenses should be included in the Fund's budget and charged against administrative expenses (A/61/9). This recommendation was approved by the General Assembly in resolution 61/240 (section IV).

128. The amount of $58,900 covers the estimated requirements for Board expenses and comprises travel costs of the Chairman of the Board to attend the fifty-fifth session, and Advisory Committee on Administrative and Budgetary Questions ($13,900) and administrative expenses of the fifty-fifth session ($45,000) to be held in Rome, and hosted by the International Fund for Agricultural Development, in July 2008.

IV. Emergency Fund

129. The General Assembly, in section III of its resolution 60/248, authorized the United Nations Joint Staff Pension Fund to supplement the voluntary contributions to the Emergency Fund for the biennium 2006-2007 by an amount not exceeding $200,000.

130. It is proposed that the General Assembly authorize the Board to supplement contributions to the Emergency Fund for the biennium 2008-2009 by an amount not exceeding $200,000.

V. Recommendation for ad hoc measure to address adverse consequences of dollarization in Ecuador

131. The Pension Board had before it a report of the Chief Executive Officer on the recent fact-finding mission carried out pursuant to General Assembly resolution 61/240 in respect to the adoption of a dollarization policy in Ecuador. It was recalled that in 2002, the Standing Committee upheld a decision taken by the Chief Executive Officer of the Fund that for both technical and legal reasons, United States dollar pensions payable by the Fund could not be adjusted by the local inflation of any country other than the United States. That was in response to an appeal by 11 UNJSPF beneficiaries residing in Ecuador who had requested an extraordinary adjustment of their United States dollar pensions, on the basis of the fiscal and economic conditions that prevailed in Ecuador since the adoption of a "dollarization" policy.

132. In its resolution 59/269 of 23 December 2004, the General Assembly invited the Board "to provide information on the special situation of pensioners living in countries having undergone dollarization and on possible proposals to attenuate the adverse consequences arising therefrom".

133. In response to the General Assembly resolution, the Chief Executive Officer presented three possible options for the consideration of the Board in 2006. While the Board agreed that dollarization had had an adverse effect on the purchasing power of some retirees and beneficiaries residing in Ecuador, it did not reach a consensus as to the adoption of ad hoc measures. Instead, the Board decided to request the Chief Executive Officer to visit Ecuador, to continue analysing the matter further and to report on the subject again during its next session, in 2007.

134. The General Assembly, however, in its resolution 61/240 invited the Board to present in 2007 a viable ad hoc measure to adequately attenuate the adverse consequences arising from dollarization in Ecuador, after consulting with the Committee of Actuaries.

135. Keeping in mind the different requests from the Board and the General Assembly, the Chief Executive Officer carried out a mission to Ecuador in March 2007. Following additional analysis of the impact of dollarization on UNJSPF retirees in Ecuador, further consideration of the comments made by the Committee of Actuaries in 2006 and discussions with the retirees concerned, as well as the Ministry of Economy and Finance and the Central Bank of Ecuador, the Chief Executive Officer concluded that a new measure could be introduced within the UNJSPF Pension Adjustment System for a one-time payment to mitigate the effects of dollarization on those at the lower pension income levels who are (or were) most adversely affected. The Chief Executive Officer reached that conclusion as it appeared to be the most viable approach to address the purchasing power issue in situations like Ecuador, in response to the request of the General Assembly.

136. In accordance with the General Assembly resolution, the review and findings of the CEO thereon were also presented to the Committee of Actuaries for its views. As reflected in its report, the Committee of Actuaries recalled the comments it had made when it first addressed the issue in 2006. At that time, the Committee had recommended to the Board that while assessing possible options, it would be appropriate to consider: (a) the Standing Committee's decision made in 2002 during its 185th meeting, which stated that for technical and legal reasons, United States

dollar pensions payable by the Fund could not be adjusted by the local inflation of any country other than the United States; (b) the situation experienced by Fund retirees living in Ecuador is similar to that of other retirees living in countries experiencing high inflation rates and stable exchange rates with respect to the dollar for extended periods; (c) that it would be an extremely complex task to manage the risk and actuarial assessment of introducing additional options to the pension adjustment system that would provide coverage for these particular circumstances; and (d) that there could be significant actuarial risks of introducing such a precedent that would change the original design of the Fund's pension scheme as now provided by the Regulations and the pension adjustment system. The Committee also noted the inherent dangers, from the perspectives of both pension benefit design and administration, in endeavouring to adopt ad hoc measures to address localized and temporary economic phenomena.

137. The Committee of Actuaries noted that the Board had not reached a consensus in 2006 to adopt an ad hoc measure to redress the situation. The General Assembly, however, had invited the Board to present a viable ad hoc measure that would adequately attenuate the adverse consequences arising from dollarization in Ecuador, after consulting with the Committee of Actuaries. With this in mind, the Committee reviewed the analysis reflected in the report of the Chief Executive Officer and noted the more restrictive nature of the proposed provision that would be included in the UNJSPF pension adjustment system.

138. While recognizing that the proposed provision would apply in other countries should the situation arising from dollarization replicate itself, the Committee agreed that the parameters were clearly delineated and could substantiate viability. The Committee noted that should the Board feel obliged to recommend a measure under the circumstances, it appeared reasonable to mitigate the effects of dollarization on those at the lower pension income levels who were most adversely affected. The Committee also noted, however, that from the point of view of overall plan design and financial sustainability, that response to the official dollarization policy in Ecuador and the precedence it establishes was not desirable, since the proposed one-time payment deviates from the income replacement concept embedded in the UNJSPF Regulations and the underlying philosophy of the Fund's two-track adjustment system.

139. The Board was invited to consider the proposal reflected in the report of the Chief Executive Officer, which would mitigate the problem in respect to those "most adversely" affected by the dollarization policy in Ecuador. The Board held extensive discussions on the proposal presented by the Chief Executive Officer, as well as in respect to other possible solutions that would provide payments that would be extended to the Fund's full population group affected by dollarization in Ecuador. After considering a wide range of proposals, which also included the possibility of maintaining its 2006 decision, the Board recognized that it would need to address different resolutions of the General Assembly.

140. The Assembly specifically addressed dollarization in Ecuador, in its resolution 61/240, where it invited the Board "to present in 2007 a viable ad hoc measure to adequately attenuate the adverse consequences arising from dollarization in Ecuador, after consulting with the Committee of Actuaries".

141. In aiming to respond to resolution 61/240, the Board recalled that the Committee of Actuaries had pointed out that there could be significant actuarial

risks of introducing such a precedent that would change the original design of the Fund's pension scheme as currently provided by the Regulations and the pension adjustment system. Moreover, and as reflected in resolution 31/196 of 22 December 1976 when the pension adjustment system was first being developed, the General Assembly had decided that "one of the guidelines for the future deliberations of the United Nations Joint Staff Pension Board should be that the principle of compensating by whatever means for country-to-country differences in the cost of living should be given limited recognition falling short of equality of purchasing power so as to ensure that the new scheme does not require an increase in the present or future financial liabilities of Member States".

142. The Board recalled that the General Assembly, in its resolution 59/269, the Assembly decided "not to consider any further proposals to enhance or improve pension benefits until action is taken on the issues contained in section I, paragraph 4, and section II, paragraphs 2 and 3, of its resolution 57/286". The Board noted that action had not yet been taken on all the cited issues contained in resolution 57/286.

143. In the light of its extensive discussions on the matter, however, and after recalling its agreement as to the adverse consequences that dollarization had on the Fund's retirees and other beneficiaries residing in Ecuador, the Board decided to formulate a proposal that would provide payments to all retirees and beneficiaries affected. At the same time, the Board agreed with the conclusion in the report of the Chief Executive Officer on the matter, noting that dollarization had a more adverse effect on those at the lower pension income levels. In addition, and after considering the comments provided by the Committee of Actuaries, the Board concluded that any proposal put forward should not change the existing plan design of the Fund and therefore should not be included in the Fund's Regulations, nor in its pension adjustment system. The Board also believed that such an approach might not be in contradiction with resolution 57/286, since the Fund's benefit provisions would not be changed. Moreover, the Actuaries agreed that if the Board were to propose a limited one-time payment to those affected since 1 January 2000 and before 30 June 2007, the eligible recipients would be a closed group and the parameters would be clearly defined. It was estimated that on the basis of the average monthly salary of the 79 potential recipients, a total one-time payment of about $500,000 would need to be made by the Fund, should the General Assembly approve payments equal to three to four times the monthly benefits.

144. It was on the basis of the above deliberations that the Board decided to seek authorization from the General Assembly to make an ad hoc, one-time, ex gratia payment to:

> Beneficiaries in receipt of a UNJSPF benefit with their established residence in countries where "dollarization" policy was officially implemented by legislation on or after 1 January 2000 and on or before 30 June 2007, followed during the immediately ensuing two-year period after the implementation date of such legislation by CPI movement totalling 35 per cent or more (as reflected in the data for the particular country published in the United Nations *Monthly Bulletin of Statistics*); they shall receive, without interest, a one-time payment equal to three times the monthly benefit, except for those beneficiaries whose annual amount of benefit in pension was less than US $10,000, who shall receive a one-time payment equal to four times the monthly benefit. The annual amount for this purpose shall be based on the annual benefit in payment at the time of dollarization.

145. The payment calculated above shall be pro-rated where such a beneficiary resided in the particular country described above only for a portion of the relevant two-year period.

146. All documentation providing proof of residence under the provision, if required by UNJSPF, must be received by the Fund on or before 31 December 2008.

147. The Board noted that the proposed ad hoc, one-time, ex gratia payment, as described above, arises from the unique circumstances faced by such beneficiaries and arises from the effects of dollarization described above. Accordingly, the Board decided that the proposed ad hoc, one-time, ex gratia payment shall not serve as a precedent for any future action by the Board of UNJSPF.

148. If the General Assembly approves the proposal, the Fund would contact all potentially eligible retirees and beneficiaries with mailing addresses in Ecuador, in order to request proof of residency during the period in question, if necessary. The proof of residency requirements would be the same as those used for establishing a benefit under the two-track system; however, such proof would not constitute an election to be placed on the two-track system.

149. If approved by the General Assembly, and upon receipt of all required proof of residency documentation in the case of Ecuador, the Fund would carry out the eligibility tests, the calculations and effect payments, where appropriate, as soon as practical after 1 January 2008.

VI. Action to be taken by the General Assembly

150. The Pension Board recommends the following to the General Assembly:

(a) Approval of a reduction in the revised appropriations by $6,127,800 resulting in a revised estimate for the biennium 2006-2007 amounting to $104,537,700 for administrative costs ($56,032,000), investment costs ($46,566,800) and audit costs ($1,938,900). Of this amount, $88,297,600 would be apportioned to the Fund and $16,240,100 is directly chargeable to the United Nations under the cost-sharing arrangement;

(b) Approval of a revised estimate for the biennium 2006-2007 amounting to $144,100 for extrabudgetary resources;

(c) Approval of the UNJSPF estimate for the 2008-2009 biennium amounting to $150,995,100 for administrative costs ($75,994,800), investment costs ($72,347,900), audit costs ($2,589,700) and Pension Board expenses ($62,700). Of this amount, $131,996,500 would be apportioned to the Fund and $18,998,600 to the United Nations under the cost-sharing arrangement;

(d) Approval of resources for the biennium 2008-2009 amounting to $153,600 for extrabudgetary costs and funded by a number of member organizations;

(e) Approval, effective with the budget for 2006-2007, for tax reimbursements to be charged to the Tax Equalization Fund maintained by the Secretary-General in respect of United Nations General Fund activities;

(f) Approval of an amount not exceeding $200,000 to supplement contributions to the Emergency Fund;

(g) Approval of ad hoc measure to address adverse consequences of dollarization in Ecuador.

VII. Summary of follow-up action taken to implement requests and recommendations of the Pension Board and Advisory Committee on Administrative and Budgetary Questions

Table 34

A. Standing Committee

(A/60/183, annex I)

Request/recommendation	*Action taken to implement request/recommendation*
1. "In reviewing the budget proposal, the working group noted that it was difficult to evaluate the budget increases in certain budget lines as there was no indication of whether the increases or decreases related to non-recurrent costs or recurrent costs." (para. 8)	This has been implemented in the request for resources for the 2008-2009 biennium.
2. "The recosting method used by the secretariat was unfamiliar to most members and required explanation." (para. 9)	More detailed explanation is contained in the 2008-2009 submission.
3. "In relation to software systems, the working group considered that the documentation provided did not permit it to properly consider them on their own merits and in order of priority ... It requested that detailed information on staffing, hardware and software for the projects planned and being implemented be provided to the Board at its next meeting." (para. 10 (c))	This has been implemented in the request for resources for the 2008-2009 biennium.
4. "In respect of general operating expenses, the working group noted that a breakdown by detail expense would assist in better understanding the total amount." (para. 11 (a))	This has been implemented in the request for resources for the 2008-2009 biennium.
5. "The working group noted that the budget, as planned, would implement a significant policy change as regards outsourcing, as well as restructuring of the Investment Management Service. However, the change in policy had not yet been reviewed by the Board or by the Investments Committee. It therefore agreed that, as an exceptional measure, only such expenditures considered essential, irrespective of any policy review, be recommended for approval. It was expected that the policy review would be undertaken by the Board at its next meeting, in 2006." (para. 14)	Following the request from the Pension Board to further analyse the recommendations made by Deloitte and Touche, another consulting firm, Mercer, was hired. Mercer recommended a combination of passive and active management of the Fund's portfolio as Deloitte and Touche did, but for a manager structure, unlike Deloitte and Touche, the consultant recommended full externalization. After much discussion in the organization, the Representative of the Secretary-General for the investments of UNJSPF proposed passive management of the North American equity portfolios with external managers.

Request/recommendation	*Action taken to implement request/recommendation*
6. "With regard to costs of furniture and equipment, which included computer and related systems, noted that it was likely that not all systems could be implemented immediately ... The working group requested that detailed information on staffing, hardware and software for the projects planned and being implemented be provided to the Board at its next meeting." (para. 15 (b))	**This has been implemented in the request for resources for the 2008-2009 biennium.**
7. "Members of the Standing Committee stated that, in future, the Fund's budget should be based on the resources required to achieve its objectives, similar to the format of result-based budgets." (para. 20)	**This has been implemented in the request for resources for the 2008-2009 biennium.**
8. "It was noted that the support of the representatives of the Secretary-General for the recommendation to reduce contractual services for the Investment Management Service was made on the proviso that the subject would be revisited by the Board in 2006, taking into account discussions and decisions concerning the implementation of the recommendations of Deloitte and Touche over the 2006-2007 biennium." (para. 21)	**Following the request from the Pension Board to further analyse the recommendations made by Deloitte and Touche, another consulting firm, Mercer, was hired. Mercer recommended a combination of passive and active management of the Fund's portfolio as Deloitte and Touche did, but for a manager structure, unlike Deloitte and Touche, the consultant recommended full externalization. After much discussion, the Representative of the Secretary-General for the investments of the UNJSPF proposed passive management of the North American equity portfolios with external managers. The proposal was supported by the Pension Board based on the vote, and the cost of implementation was approved by the General Assembly in 2006.**

B. Advisory Committee on Administrative and Budgetary Questions

(A/60/7/Add.7)

Request/recommendation	*Action taken to implement request/recommendation*
1 (a). "The Advisory Committee is of the view that more efforts should be made to streamline and shorten the report, to make it more user-friendly and to present it in a format more closely reflective of results-based budgeting. For example, various statistical data should be provided in graphs and charts in an annex to the budget document, rather than in the main body of the report." (para. 5)	This has been implemented in the request for resources for the 2008-2009 biennium.
1 (b). "Information included under the heading 'major objectives and indicators of achievement' should indeed provide indicators of achievement. Consideration should also be given to including information on benchmarks achieved and planned which could indicate how the Fund is performing in comparison with similar pension funds." (para. 5)	This has been implemented in the request for resources for the 2008-2009 biennium.
1 (c). "Table 2, on human resources, containing the proposed staffing changes, should include all changes to the staffing establishment, including conversions, as well as the grand total for the table. Table 4, on financial resource requirements, and table 5, on human resource requirements for the Fund as a whole, should be accompanied by a short explanation of the most salient changes proposed for the next biennium." (para. 5)	This has been implemented in the request for resources for the 2008-2009 biennium, see table 36, page 111. Explanatory text has been included in this document in the paragraphs following table 5 and table 6.
2. With regard to the implementation of projects: "The Committee requests that information also be given on time frames for the completion of projects and on their impact on operations of the Fund". (para. 11)	This has been implemented in the request for resources for the 2008-2009 biennium.
3. In connection with resources requested for Consultants: "The Committee trusts that competitive bidding will be conducted for the studies, as required, and the cost of the studies will be based on the results of such bidding." (para. 12)	IMS follows all procurement regulations and is particularly aware of the requirement for competitive bidding as is required for contracts. Budget requests are based on best estimates for any particular proposed project. Actual costs of any project are subject to accepted bids by the Procurement Service.
4. In response to the Fund's request to reclassify the post of Chief of Operations, "The Committee recommends that the question of the level of the post of Chief of Operations be revisited in the next budget submission on the basis of a clearer delineation of the responsibilities of the post and of the organizational structure of the Fund." (para. 16)	This has been implemented in the request for resources for the 2008-2009 biennium.

Request/recommendation	*Action taken to implement request/recommendation*
5. "The Committee is of the view that consideration should be given to a better organizational structure of the Investment Management Service, perhaps with the creation of a post of deputy to the Director of the Service at an appropriate level." (para. 17)	IMS considered requesting a D-1 post for its Deputy Director. However, since the Director of IMS is at the D-2 level and the Chief Risk and Compliance Officer and Chief Investment Officer are at the D-1 level, it was perceived not appropriate to create a post between these levels. However, if the practice is to be accepted, IMS will reconsider the necessity raised by ACABQ.
6. With regard to a request to reclassify two posts in the Information Management Systems Service the Committee commented: "Moreover, since currently both the administration and investment sides of the Fund have their own information system services, the Committee is of the view that serious consideration should be given to consolidating these services under a single organizational structure which would encompass all activities of the Fund. Information to this effect should be included in the next budget submission for the Fund." (para. 18)	In its resolution 61/240 the General Assembly approved the two reclassifications. Details of the IT consolidation are given in the request for resources for the 2008-2009 biennium.
7. "The Committee trusts that detailed information on all projects to be implemented by consultants, including their time frames, will be included in future budget submissions of the Fund." (para. 20)	This has been implemented in the request for resources for the 2008-2009 biennium.

C. Pension Board

(A/61/9)

Request/recommendation	*Action taken to implement request/recommendation*
1. With respect to the consolidation of ICT functions the Board "requested that it be informed during its next session of the progress achieved on this effort". (para. 131)	IMSS and IMS designated a steering committee to consider ICT consolidation, the group also performed a technical due diligence and efficiencies and cost savings were identified regarding network administration and helpdesk support, which will be consolidated. Other non-common services will remain under IMS. It has been decided by the Chief Executive Officer of the UNJSPF and the Representative of the Secretary-General for the investments of the Fund that further ICT consolidation will be implemented using a step-by-step approach, and always taking into account the following: identified cost savings over the short and long term; anticipated improvements in service and efficiency; commonality of future requirements; reduction or elimination of redundancy in

Request/recommendation	*Action taken to implement request/recommendation*
	functions and resources; and potential simplification of administrative support procedures.
2. "The Board agreed that shared expenses should continue to be charged to member organizations under the current methodology until 1 January 2008, at which time all Board expenses would be included in the Fund's budget and charged against the Fund as administrative expenses." (para. 137)	This has been implemented in the request for resources for the 2008-2009 biennium.

D. Advisory Committee on Administrative and Budgetary Questions

(A/61/545)

Request/recommendation	*Action taken to implement request/recommendation*
1. "The Committee is concerned about the observations and findings of the Board of Auditors on the trade order management system of the Investment Management Service and on the current organization of the Fund's back office and compliance function." (para. 29)	Supported by the Procurement Service, IMS has completed evaluation of vendors' proposals for an online buy-side order and trade management system with compliance module.
2. "The Committee notes with concern that the investment infrastructure of the Investment Management Service is still at the stage at which trade orders are placed by facsimile and there is no compliance monitoring system. The Committee trusts that urgent measures will be taken to bring the investment infrastructure of the Investment Management Service up to the industry standards." (para. 29)	As mentioned in the previous paragraph, IMS has completed evaluation of the vendors' proposals for an online buy-side order and trade management system with compliance module.
3. "The Committee encourages the administration of the Investment Management Service to expeditiously implement the recommendation of the Board of Auditors with regard to the recruitment to the risk and management and compliance officer positions." (para. 30)	The Compliance Officer was recruited effective 2 February 2007. The selection has been completed for the Risk Officer and recruitment of the Chief of Risk and Compliance Section is in process.

Annex I

Supplementary information to the budget estimates for the biennium 2008-2009: fund costs

Table 1
Financial resources
(Thousands of United States dollars)

Category	2004-2005 expenditure	2006-2007 appropriation	Resource growth		Total before recosting	Recosting	Apportionment		2008-2009 estimate
			Amount	Percentage			United Nations	Pension Fund	
A. Administrative costs	55 632.5	57 581.2	14 188.1	24.6	71 769.3	4 225.5	18 567.0	57 427.8	75 994.8
B. Investment costs	44 169.1	51 145.4	16 909.1	33.1	68 054.5	4 293.4	—	72 347.9	72 347.9
C. Audit costs	1 367.9	1 938.9	449.7	23.2	2 388.6	201.1	431.6	2 158.1	2 589.7
D. Board expenses	—	—	58.9	—	58.9	3.8	—	62.7	62.7
Total funding	**101 169.5**	**110 665.5**	**31 605.8**	**28.6**	**142 271.3**	**8 723.8**	**18 998.6**	**131 996.5**	**150 995.1**
Extrabudgetary operational activities	**642.4**	**131.0**	—	—	**131.0**	**22.6**	—	**153.6**	**153.6**

Table 2
Human resources

	ASG	D-2	D-1	P-5	P-4	P-3	P-2	GS (PL)	GS (OL)	Total
Administration										
Approved (2006-2007)	1	1	3	8	12	24	1	7	91	148
Redeployed[a]	—	—	—	—	1		—	—	1	2
New posts	—	—	—	1	3	2	—	1	8	15
	—	—	—	—	1		—	—	—	1
Reclassification	—	—	—	—	—	(1)	—	—	—	(1)
Total (2008-2009)[b]	**1**	**1**	**3**	**9**	**17**	**25**	**1**	**8**	**100**	**165**
Investments										
Approved (2006-2007)	—	1	1	9	8	2	—	5	15	41
Redeployed[a]	—	—	—	—	(1)	—	—	—	(1)	(2)
New posts	—	—	1	1	1	3	—	3	1	10
	—	—	—	—	—	—	—	1		1
Reclassification	—	—	—	—	—	—	—	—	(1)	(1)
Total (2008-2009)	**—**	**1**	**2**	**10**	**8**	**5**	**—**	**9**	**14**	**49**

	ASG	*D-2*	*D-1*	*P-5*	*P-4*	*P-3*	*P-2*	*GS (PL)*	*GS (OL)*	*Total*
Fund										
Approved (2006-2007)	1	2	4	17	20	26	1	12	106	189
Redeployed	—	—	—	—	—	—	—	—	—	—
New posts	—	—	1	2	4	5	—	4	9	25
	—	—	—	—	1	—	—	1	—	2
Reclassification	—	—	—	—	—	(1)	—	—	(1)	(2)
Total (2008-2009)[b]	**1**	**2**	**5**	**19**	**25**	**30**	**1**	**17**	**114**	**214**

[a] 1 P-4 and 1 General Service (Other level) redeployed from IMS to IMSS as part of the information technology consolidation.

[b] Includes 1 extrabudgetary General Service (Other level) post funded by member organizations.

Annex II

Supplementary information to the budget estimates for the biennium 2008-2009: administrative costs

A. Executive direction and management

Table 1
Human resource requirements

	Established posts		*Temporary posts*		*Extrabudgetary posts*		*Total*	
Category	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*
Professional and above								
ASG	1	1	—	—	—	—	1	1
D-2	1	1	—	—	—	—	1	1
P-5	2	3	—	—	—	—	2	3
P-4	—	1	—	—	—	—	—	1
P-3	1	1	—	—	—	—	1	1
Subtotal	5	7	—	—	—	—	5	7
General Service								
Principal level	1	1	—	—	—	—	1	1
Other level	2	2	—	—	—	—	2	2
Subtotal	3	3	—	—	—	—	3	3
Total	8	10	—	—	—	—	8	10

Justification of new post(s)

Office of the Chief Executive Officer
Chief, Legal Office (1 P-5)

1. The UNJSPF Regulations, Rules and Pension Adjustment System has evolved considerably over the Fund's 60-year history. As most of the amendments to the benefit provisions have been made gradually and in a piecemeal fashion, the understanding and preservation of the legislative history of the UNJSPF Regulations and Rules — the legal framework for the management and operations of the Fund — as well as uniform interpretation of benefit provisions has become an increased challenge. The evolution of benefit provisions, as well as introduction of articles, most notably article 35 bis and article 45 for family or former family members of UNJSPF participants, has resulted in an extremely complex pension scheme, which is complicated to administer and open to different interpretations. Consequently, demand for legal review and support for the Fund's operations to pay UNJSPF death, disability and pension benefits in accordance with the Fund's Regulations, Rules and Pension Adjustment System has been progressively growing and become evermore intricate.

2. In order to ensure compliance with the UNJSPF Regulations and to minimize legal risks, it is critical that legal services for the Fund be further professionalized and modernized, including codifying and publicizing — by utilizing modern

information technologies — legal precedents and rulings, policy decisions, and harmonized procedures to ensure uniform interpretation of the Regulations.

3. The establishment of the Legal Office of the UNJSPF is proposed. The Chief of the Office would perform the functions under the overall supervision of the Chief Executive Officer of the Fund. The Chief of the Office would act as the Legal Adviser to the Chief Executive Officer on all aspects related to the Fund's operational activities, including in areas such as interpretation of the Fund's Regulations, Rules and pension adjustment system, privileges and immunities of the Fund, UNJSPF governance structure, as well as other issues of public and private international law and administrative law. The Chief would provide independently authoritative legal advice and expertise on a diverse range of substantive and procedural questions of law, as well as suggest courses of action, to the Chief Executive Officer and other senior management of the Fund.

4. The Chief of the Legal Office would provide advice on, and as appropriate, supervise and oversee the review, negotiation and drafting of major contracts, agreements with member organizations, institutional and operational modalities, legal submissions and other legal documents on complex, sensitive or novel legal issues/questions. She/he would liaise with UNJSPF member organizations, and their Pension Committees, and with other international organizations on issues related to legal questions in pension schemes. The Chief of Service would provide substantive expertise to meetings involving or related to the Fund, she/he would participate and coordinate with various legal entities in negotiations with Governments and intergovernmental organizations on transfer of pension rights, or on the membership in the Fund, and act as officer-in-charge of the negotiations at various stages. The Chief would represent the Fund at international or regional meetings, in inter-agency meetings, meetings of legal advisers of member organizations and serve on various standing boards, committees, ad hoc working groups and task forces, as required.

5. The Chief of the Legal Office would participate in the preparation of documents for the Pension Board and the General Assembly and related bodies; would contribute to the Fund's policy development and process review, analyse implications of emerging issues and make recommendations on possible strategies and measures to manage legal risks in the operations of the Fund, together with submitting proposals to change the Fund's Regulations and Rules; and would ensure the establishment and maintenance of a clear and transparent rule-based system for the Fund's operations, including a coherent framework of policies and procedures. Moreover, the Chief would liaise with the Fund's Internal Auditors and the Board of Auditors and serve as the Secretary to the Audit Committee of the Pension Board. Finally, the Chief would be in charge of preparing any legal publications or communications to Fund participants/beneficiaries, pension secretariats and administrations of members organizations including the relevant material for the Fund's website.

Policy and Analysis Officer (1 P-4)

6. The multi-organizational nature of the Fund; the increasing number of participants and beneficiaries (which have grown at an average rate of 3.7 per cent per annum in the last decade); a changing financial environment, combined with the complex set of rules and regulations and the sui generis scheme design of the

Pension Fund (which includes unique features and options), translates into an operational environment which is increasingly intricate and challenging to manage. Also, the Fund's governance structure is multi-tiered and complex, reflecting the Fund's particular historical development, composition, participation and benefit design.

7. Therefore, the Fund requires a centralized policy and analysis function that promotes a controlled, efficient and effective review, and a prioritization and management decision process which is able to deal with the multiple and growing demands and the inherent complexities of managing the Fund (e.g., multiple currencies, geographically dispersed participants and beneficiaries, multiple information systems).

8. A centralized policy and analysis function is also critical for ensuring that key decisions and management responses to short- and long-term challenges are consistent with the Fund's mission, values and strategy. Simply put, the policy and analysis function's central objective will be to ensure that the Fund is able to present to its governing bodies in a concise and opportune manner, sound and coordinated proposals that deal with the increasingly demanding task of managing the Fund.

9. The policy and analysis functions will also provide analysis, policy and planning assistance to the Office of the Chief Executive Officer in order to enhance its planning, oversight and decision-making capabilities.

10. The Policy and Analysis Officer will be responsible for working with the Chief Executive Officer, Deputy Chief Executive Officer and the Fund's senior management team in developing and updating the strategic plan and in identifying short- and long-term policy objectives. As part of that process, the Policy and Analysis Officer will help to regularly revise the Fund's Management Charter, ensuring that the objectives and performance indicators mesh with the Fund's policy objectives and plans. The Officer will also actively participate in drafting the reports, notes and studies on diverse subjects required by the Fund's governing bodies (Pension Board, Advisory Committee on Administrative and Budgetary Questions, Fifth Committee and General Assembly) and the advisory committees' (Committee of Actuaries and Audit Committee). The work includes collecting, analysing and reporting on actuarial, economic, financial, risk management, audit, operational, IT, knowledge management, plan design and other pension-related topics, while identifying best practices, trends and issues and effectively and efficiently leveraging in-house and/or external resources and coordinating a Fund-wide response.

11. The Policy and Analysis Officer will also be entrusted with developing innovative ways of identifying and aggregating financial and operational oversight indicators to provide useful performance and monitoring tools for the Office of the Chief Executive Officer. The Policy and Analysis Officer will also effectively liaise with line-management and IT support functions to assist in the design and implementation of periodic variance analysis reports as required by the Fund's Enterprise-wide risk management policy.

12. Additionally, the Policy and Analysis Officer will assist in the preparation, coordination, recording and updating of the Fund's policies. Finally, those functions will provide required support to the Office of the Chief Executive Officer in the coordination and oversight of the Fund's main initiatives, among them the

Enterprise resource planning project; Enterprise-wide risk management; business continuity and disaster recovery; asset liability management (ongoing review process); IT consolidation (second phase); and data warehouse.

13. The financial resources requested are shown in table 2, and the distribution between real resource growth and apparent resource growth (resources transferred from one section to another), are shown in table 3.

Table 2
Financial resources requested

(Thousands of United States dollars)

			Resource growth				Apportionment		
Category	*2004-2005 expenditure*	*2006-2007 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2008-2009 estimate*
Posts	1 929.6	2 317.4	493.0	21.3	2 810.4	172.5	994.3	1 988.6	2 982.9
Other staff costs	485.3	538.5	95.0	17.6	633.4	99.2	210.4	522.2	732.6
Travel	317.0	341.5	261.3	76.5	602.8	37.3	—	640.1	640.1
Contractual services	476.6	480.5	—	—	480.5	31.2	—	511.7	511.7
Hospitality	4.0	5.2	(2.2)	(42.3)	3.0	0.2	—	3.2	3.2
General operating expenses	9 952.9	6 908.5	(6 908.5)	(100.0)	—	—	—	—	—
Supplies and materials	39.4	—	—	—	—	—	—	—	—
Furniture and equipment	1 571.7	—	—	—	—	—	—	—	—
Total	**14 776.5**	**10 591.6**	**(6 061.4)**	**(57.2)**	**4 530.1**	**340.4**	**1 204.7**	**3 665.8**	**4 870.5**

Table 3
Real resource growth

(Thousands of United States dollars)

		Resource growth			
Category	*Appropriations 2006-2007*	*Apparent resource growth*	*Real resource growth*	*Total resource growth*	*Estimate before recosting 2008-2009*
Posts	2 317.4	—	493.0	493.0	2 810.4
Other staff costs					
General temporary assistance	185.6	—	—	—	185.6
Overtime	352.8	20.2[a]	(20.2)	—	352.8
Training	—	—	95.0	95.0	95.0
Subtotal other staff costs	**538.4**	**20.2**	**74.8**	**95.0**	**633.4**
Travel					
Travel of representatives	172.8	—	189.3	189.3	362.1
Travel of staff	168.7	31.9[a]	40.1	72.0	240.7
Subtotal travel	**341.5**	**31.9**	**229.4**	**261.3**	**602.8**

Category	*Appropriations 2006-2007*	*Resource growth*			*Estimate before recosting 2008-2009*
		Apparent resource growth	*Real resource growth*	*Total resource growth*	
Contractual services	480.5	—	—	—	480.5
Hospitality	5.2	—	(2.2)	(2.2)	3.0
General operating expenses					
Rental of premises	6 554.9	(6 554.9)[b]	—	(6 554.9)	—
Rental of equipment	55.8	(55.8)[b]	—	(55.8)	—
Operating expenses	245.9	(245.9)[b]	—	(245.9)	—
External printing	51.9	(51.9)[b]	—	(51.9)	—
Subtotal general operating expenses	**6 908.5**	**(6 908.5)**	—	**(6 908.5)**	—
Total	**10 591.5**	**(6 856.4)**	**795.0**	**(6 061.4)**	**4 530.1**

[a] 2006-2007 resources previously requested by the Geneva Office.

[b] Resources which will in future be requested by programme support (Executive Office).

	Cost estimate	*Variance*	
Posts	$2,810.4	$493.0	21.3%

14. The estimate of $2,810,400 provides for the salaries, common staff costs and staff assessment for eight continuing posts and the proposed two newly established posts. The variance is due to the increase in the number of posts.

	Cost estimate	*Variance*	
Other staff costs	$633.4	$95.0	17.6%

15. No increase is requested in the provision for general temporary assistance of 28 months for peak workload periods ($152,800) and for 6 months for staff on maternity and extended sick leave ($32,800) or for 7,500 hours of overtime ($352,800). As part of the Fund's ongoing commitment to staff development, a provision of $95,000 is made for technical and managerial training. Technical courses in such areas as treasury functions and modern banking payments systems are essential for an organization that administers a monthly payroll in excess of 46,000 beneficiaries. In addition, and in order to enhance management skills at all levels, a number of seminars facilitated by external experts will be held.

	Cost estimate	*Variance*	
Travel	$602.8	$261.3	76.5%

16. The travel requirements for the 2008-2009 biennium are as follows:

Table 4
Travel of representatives and staff

Type of travel	*Amount (US dollars)*	*Output reference*
Travel of staff		
Governance	66 200	Attendance by the Chief Executive Officer and his staff at the fifty-fifth session of the United Nations Joint Staff Pension Board to be held in Rome, 2008 and at the Committee of Actuaries and Investment Committee meetings
Technical support	61 700	Visits to retiree associations, participants and Secretaries of local staff pension committees
Management/administrative visits	93 800	Visits by the Chief Executive Officer and his staff to and from Geneva for management and administrative matters
Conferences/miscellaneous travel	19 000	—
Subtotal travel of staff	**240 700**	
Travel of representatives		
Governance (Committee of Actuaries)	137 600	Attendance at two meetings by the Committee of Actuaries one each in New York and Geneva Attendance at the United Nations Joint Staff Pension Board sessions in New York and Rome
Governance (Audit Committee)	224 500	Attendance by the Audit Committee at six meetings to be held in New York
Subtotal travel of representatives	**362 100**	
Total	**602 800**	

17. Funds are requested for the Chief Executive Officer and his staff to attend the fifty-fifth session of the United Nations Joint Staff Pension Board, to be held in Rome, hosted by IFAD, in July 2008, in order to present various reports and service the session; to attend the Committee of Actuaries and Investment Committee meetings; to carry out a number of meetings with retiree associations, participants and Staff Pension Committees; for Geneva staff to attend management conferences in New York; to conduct management and administrative visits to Geneva, and for miscellaneous travel.

18. Travel of representatives comprises attendance by the Committee of Actuaries at two meetings per biennium, one each in New York and Geneva, and for the Rapporteur to attend the Board sessions in New York and Rome. In addition, provision is made for six meetings of the Audit Committee to be held in New York. The total variance of $261,300 comprises the following:

Table 5
Travel of staff and representatives: variances

(United States dollars)

Description	*Appropriation 2006-2007*	*Estimate 2008-2009*	*Increase or (decrease)*
Travel of staff[a]	168 700	240 700	72 000
Committee of Actuaries[b]	122 800	137 600	14 800
Audit Committee[c]	50 000	224 500	174 500
Total	**341 500**	**602 800**	**261 300**

[a] The increase in travel of staff ($72,000) is caused partially by travel that was previously requested under the Geneva Office ($31,900) and also volume variance ($40,100).

[b] The slight increase in the Committee of Actuaries is caused by a change in the membership of the Committee.

[c] The original appropriation for the Audit Committee of $50,000 was for one meeting only whereas the estimate for the 2008-2009 biennium is for six meetings.

	Cost estimate	*Variance*	
Contractual services	$480.5	—	—

19. No increase is requested in the provision of $480,500 for the services of a consulting actuary, who will provide the following services, in accordance with article 10 of the regulations of the Fund:

(a) Preparation of an actuarial valuation to be performed in 2008, on the basis of data as of 31 December 2007, including production of the formal report and preparation of various papers for the Committee of Actuaries and the Pension Board pertaining to the regular actuarial valuation work. The actuarial report will show required contributions and imbalances, analysis of gains and losses, calculations of the actuarial value of accrued benefits, hypothetical projection results over 30 years, and results of monitoring of the two-track system. All actuarial results will be shown under several sets of actuarial assumptions;

(b) Preparation for and attendance at meetings of the Pension Board, the Standing Committee and the regular annual Committee of Actuaries meetings;

(c) Preparation of an extensive experience review of the Fund to be carried out in 2009; preparation of recommendations regarding changes in assumptions, for the Committee of Actuaries' consideration; services include all meetings with the secretariat in connection with the experience review and analysis performed;

(d) Estimated incidental services, such as transfer case calculations, small work projects and meetings/exchanges with the Investments Committee and external auditors.

	Cost estimate	Variance	
Hospitality	$3.0	($2.2)	(42.3%)

20. A reduction of $2,200 is made in the provision for hospitality and thus $3,000 is requested.

	Cost estimate	Variance	
General operating expenses	—	($6,908.5)	(100%)

21. The negative variance of $6,908,500 is due to the use of results-based budgeting format whereas such resources are now included under programme support and no longer under the Office of the Chief Executive Officer.

B. Programme of work

Operations

Table 6
Human resource requirements

	Established posts		Temporary posts		Extrabudgetary posts		Total	
Category	2006-2007	2008-2009	2006-2007	2008-2009	2006-2007	2008-2009	2006-2007	2008-2009
Professional and above								
D-1	2	2	—	—	—	—	2	2
P-5	3	3	—	—	—	—	3	3
P-4	7	9	—	—	—	—	7	9
P-3	11	13	—	—	—	—	11	13
P-2/1	1	1	—	—	—	—	1	1
Subtotal	**24**	**28**	—	—	—	—	**24**	**28**
General Service								
Principal level	5	6	—	—	—	—	5	6
Other level[a]	77	87	3	—	1	1	81	88
Subtotal	**82**	**93**	**3**	—	**1**	**1**	**86**	**94**
Total	**106**	**121**	**3[b]**	—	**1**	**1**	**110**	**122**

[a] One extrabudgetary post funded by member organizations.

[b] Three existing temporary posts to be converted to established posts.

Justification of new post(s)

Pension Entitlements and Client Services Section

22. Currently the Pension Entitlements and Client Services Section consists of one P-5 post of Section Chief, two P-4 posts for a Deputy Chief/Business Analyst and a Client Services Records Management and Distribution Unit and two P-3 posts for

Benefits Officers. The Section is currently the largest in UNJSPF (with 45 staff members) and in this current budget significant strengthening of the Section is proposed as it is unable to function efficiently with only two Benefits Officers and one Officer responsible for the Client Services, Records Management and Distribution Unit.

23. Since 1998 the Fund's participant base has experienced year-over-year growth. In 2007 the Fund will reach a milestone as it expects to surpass the 100,000 active participant mark, i.e., the Fund has grown by more then 45 per cent in just nine years. Not only has there been an average 4.25 per cent net growth, the Fund also continues to experience an increase in client turnover (the number of processed withdrawal settlements and retirement benefits), a trend that is set to continue with the rising number of separations processed each year. As a result, the Fund experiences an increase in the volume of new participants it administers year-over-year (see figure I).

Figure I
Processed new participants

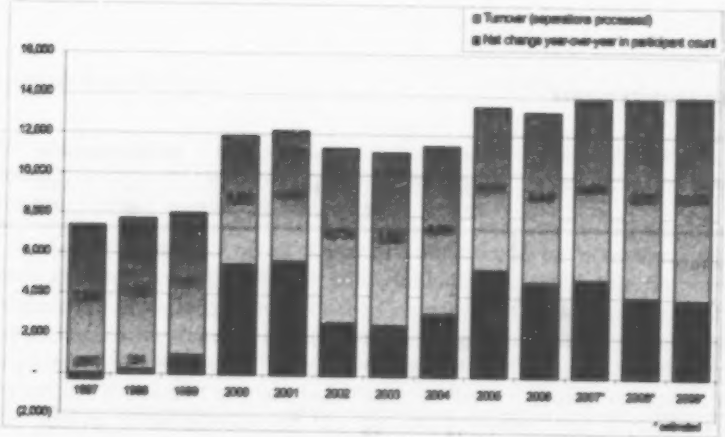
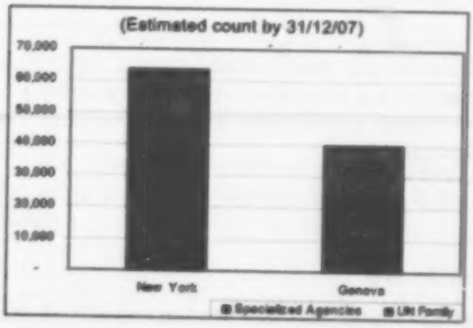


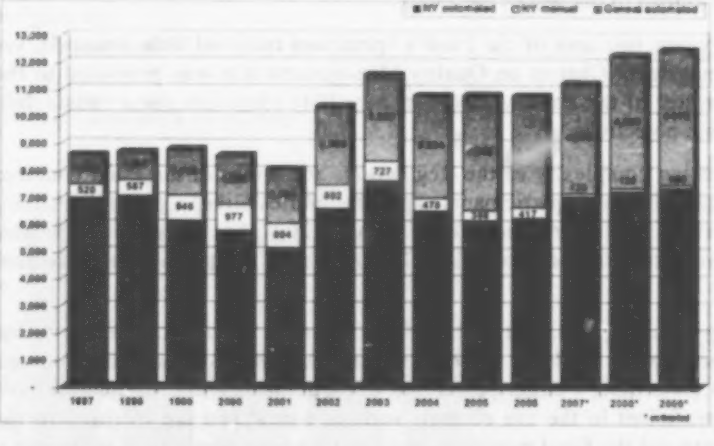
Figure II
Participants by United Nations family and specialized agencies



24. In recent years the fastest participant growth has been the Department of Peacekeeping Operations; all of its missions are administered by the Fund's New York office. In contrast to the specialized agencies, which have their own Staff Pension Committee, the Fund acts as the Staff Pension Committee for the United Nations family of organizations. As such the Fund determines eligibility for participation, maintains participant records, processes validation and restoration requests, collects separation documents, resolves contribution discrepancies and provides client services. The New York office administers 79 per cent of the United Nations family participants (see figure II above). However, the Pension Entitlements area has not had any staff increases from the time it was established in the early 1990s.

25. Since the early 1990s the Fund's Regulations have also become substantially more complex, the reduction in manually processed cases (from 587 to 120) is outweighed by the additional time it requires staff to review complex cases, e.g., divorced surviving spouses benefits, spouses married after separation, transfer of pension rights. In 1997 the Fund reviewed 782 death-after-service cases (deaths of main beneficiaries and survivors); in 2006 it reviewed 1,282 cases.

Figure III
Benefits processed



26. The Pension Entitlements area is requesting the following staff increases.

Benefits Officer (1 P-3)

27. In order to maintain daily operations, as described above, a request is being submitted to add one Benefits Officer post at the P-3 level in the Pension Entitlements area, increasing the number of P-3 posts from two to three. Currently, the Pension Entitlements area is made up of three units, while it has only two established Benefits Officer posts.

28. As part of risk management, it is essential that the volume of cases released by each Benefits Officer does not surpass a critical level; if the level is breached, it does not allow sufficient time for efficient management of the work unit as a whole,

at great risk to the Fund. The additional third post will ensure that each Benefits Officer will have sufficient capacity to perform effectively.

Benefits Assistant (3 General Service (Other level)) conversion from temporary to established posts

29. A request is made for the conversion of three temporary posts to three established General Service (Other level) posts. That will increase the General Service staff level of the three Entitlements Units in the Pension Entitlement Section from seven to eight each. The conversion will be the first General Service staff increase in at least 15 years, which is needed to ensure that the Entitlements Units can continue to improve on its benchmarks and to free up resources necessary to reduce the time taken to collect all necessary documents before a case can be processed.

Client services

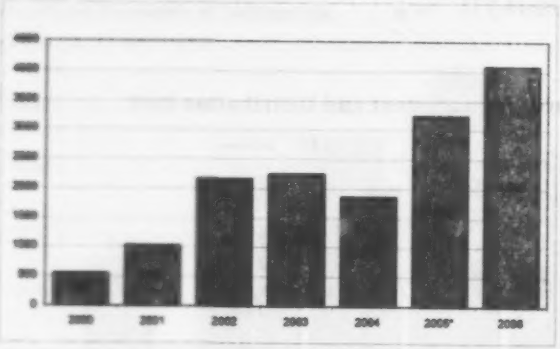
30. The statistics quoted above for the Pension Entitlements area have equal significance for the workload of the Client Services, Records Management and Distribution Unit. That Unit represents the front line of the Fund in dealing with both participants and beneficiaries, all communications with the Fund — mail, e-mail, faxes, telephone and walk-in clients — are channelled via this area. It provides the workload to the rest of the Fund.

31. Over the years, this area of the Fund's operations received little attention, yet the Fund's Management Charter on Quality Management that was presented to the Standing Committee of the Pension Board in July 2001 identifies client satisfaction as one of its main objectives.

32. The increasing complexity of the Regulations and Rules of the Fund continue to raise many questions with participants and beneficiaries alike, e.g., implementing the change in article 24 Restoration, effective 1 April 2007, has been a major project with almost every one of the more than 1,200 affected, requiring an individual consultation.

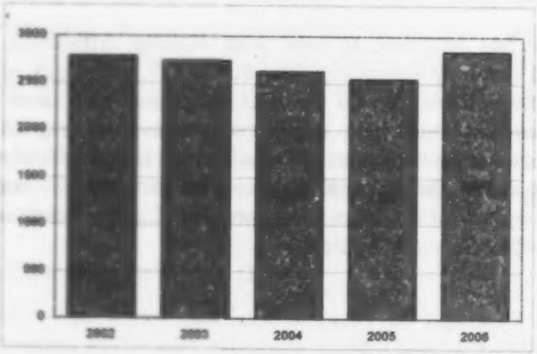
33. Technology has helped, particularly the website, in dealing with routine queries; but such access leads to a more informed client base and more focused questions. Also, over time, a larger proportion of participants and beneficiaries have become more proficient in the use of tools such as e-mail and the Internet. In the past, clients contacted the Fund mostly by mail and allowed ample time to receive a response back in writing. The introduction of e-mail has enabled the Fund to become more efficient in its responses and in resolving issues. However, it also brought the expectation that a response should be given immediately. The statistics in figure IV clearly show how the volume of incoming correspondence has increased exponentially.

Figure IV
General enquiries (surface and e-mail), New York office



34. In 2005, when the offices of the Fund were moved from the Secretariat Building and to 1 Dag Hammarskjöld Plaza the concern was raised that the new location would not be conducive to participants and beneficiaries visiting the Fund in person. However, the 2006 statistics show the new location has not led to a reduced number of visits, but walk-in visits have actually reached an all-time high (see figure V).

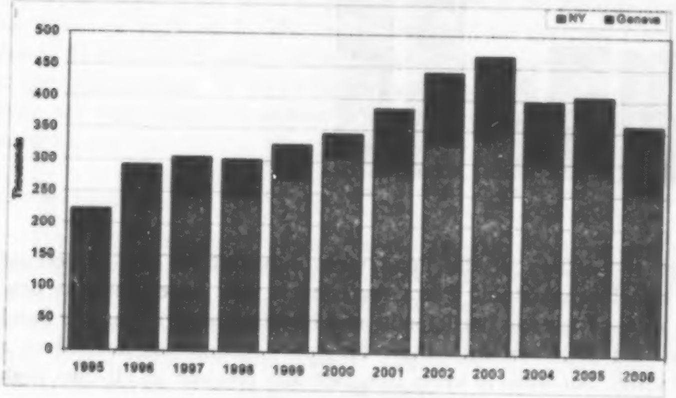
Figure V
Client services walk-in clients



35. Efforts are ongoing to improve the tools available to the Client Services Unit, in the form of enhancements to the website and the introduction of a Client Relationship Management system. Primarily, these applications are meant to improve on the quality of service, to maintain better records and to record feedback. A Client Relationship Management system is designed to direct clients to frequently asked questions (FAQ) specifically related to the subject matter of their question; this in turn will free up the Client Services Unit to provide more detailed responses to the growing number of complex questions submitted by clients. Developing and translating FAQs is a key area where additional staff resources are required.

36. The Records Management and Distribution Unit processes all incoming and outgoing correspondence of the Fund, prepares the documents and scans them into the databases, where they are then indexed (electronically filed) and work cases opened when warranted (see figure VI).

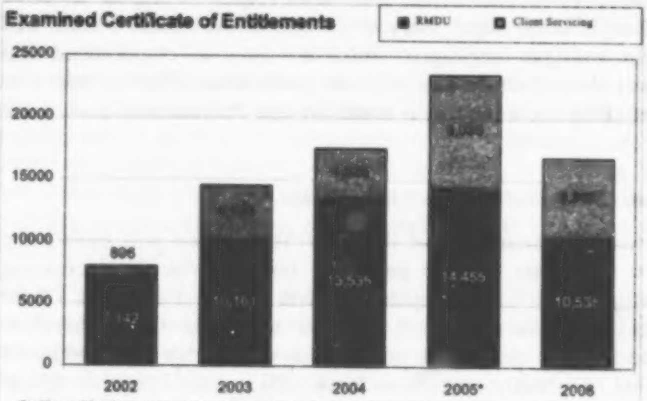
Figure VI
Documents scanned by Records Management and Distribution Unit



37. Although the introduction in 2004 of a system interface with member organizations to electronically transfer Personnel Actions to the Fund's systems has led to a reduction in scanning hardcopy Personnel Actions, the indexers have to read each piece of incoming correspondence and make a judgement to either file the document or open a case for follow-up.

38. Over recent years, the Unit has continued to cope with ongoing difficulties, keeping up with its prepping and scanning operations. The bottleneck is the lack of a third scanner. While there are three indexers who file documents and open cases, they are supplied by only two scanners which have to process, prepare and scan all documents. During the absence of even one scanner, the whole Fund is immediately affected. Since no spare capacity exists, the volume of processed documents is cut in half, which has an immediate impact on the cases being processed in the Pension Entitlements area and in the Financial Services Section.

Figure VII
Examined certificate of entitlements



Certificate of Entitlements are mailed out late October. Completed Certificate of Entitlements that require examination are normally reviewed January through May. In November/December of 2005 on a trial basis, as many as 4,400 Certificates of Entitlement were reviewed. This required more than doubling the normal overtime and was found to be unsustainable and was not repeated in 2006.

39. The Records Management and Distribution Unit also initiates and executes the certificate of entitlements exercise each year; the volume of cases opened for mandatory signature verification has undergone substantial growth.

40. This exercise, which is executed over a seven-month period, places an even greater strain on the staff to maintain its processing speed of regular incoming documents. With a recently implemented web initiative, beneficiaries have the ability to look up the arrival date of the Certificate of Entitlements; this has further increased the pressure on the Unit to process Certificate of Entitlements without a delay, otherwise client services will be affected, as beneficiaries are quick to follow up with e-mails to enquire why their Certificate of Entitlements has not arrived.

41. In order to further enhance the quality of service to the various clients and constituents of the Fund and to cope with the increasing volume and expectations of its clientele, the Client Services, Records Management and Distribution Unit is requesting the staff increases described below.

Client Services Officer (1 P-3)

42. The Client Services, Records Management and Distribution Unit currently consists of 13 staff members at the General Service level and one P-4 supervisor. The supervisor covers a range of responsibilities, including ownership of the participation process (for interfaces with member agency systems and projects like Restoration), the annual Certificate of Entitlements exercise and the Emergency Fund. With the increasing volume of work, there is little time to devote to these projects or improvements or developments in the Client Services area. As part of the Fund's efforts to provide relevant and updated information on all benefits available, the Chief of the Unit is called on to provide training/briefings/seminars on Pension Fund matters on a regular basis. There is no coverage when the supervisor is attending to training/briefings or when on leave and staff do require constant attention.

43. As mentioned above, the website deflects the simple questions, but it encourages more focused and detailed questions which require significant expertise. As our processes become more automated, they also require a higher level of understanding and oversight at the supervisory level. One of the officer's tasks will be to develop FAQ, in multiple languages, which are easy to comprehend and legally sound. To ensure that all these functions are covered and that at least one supervisor is present at all times, a request is made for one Professional post at the P-3 level.

Client Services Assistant (2 General Service (Other level))

44. The additional two staff members for the New York office will enable the Client Services area to designate staff to particular tasks. Given the increasing demands and expectations and the anticipated growth of the Fund, the Client Services area requires an increase in staff by two additional Client Services Assistants to allow it to fulfil its obligations and provide the service expected by its clients and constituents. Currently, the New York office employs five Client Services staff that service a population of approximately 89,000. Each staff member is responsible for nearly 18,000 clients. It is important to reiterate that the Fund acts as the Staff Pension Committee for the majority of the offices that are serviced (i.e., United Nations family organizations). As such, the demand on staff resources is greater when compared with the agency cases.

45. The additional two staff members for the New York office will enable the Client Services area to designate staff to particular tasks. The constant switching of tasks results in great inefficiencies that could be removed by a division of labour, which can be implemented with the additional two staff.

Records Assistant (1 General Service (Other level)), Records Management and Distribution Unit

46. The demand for more accurate and timely processing of documents has never been greater, e.g., beneficiaries expect the web certificate of entitlement tracker to reflect the receipt of their certificate of entitlement within days of sending it to the Fund. Participants and beneficiaries expect a timely response to their enquiries and, therefore, it is essential that documentation for processing benefits, mail/e-mail correspondences are opened, scanned and relevant work-types are opened to the respective units within the Fund in an expeditious and correct manner. Staff in Operations expect the respective participant's/beneficiary's folder to be complete and all relevant documentation scanned properly as soon as received.

47. In order for the Records Management Unit to further improve on the service it provides, one additional General Service (Other level) post is requested. That will enable the unit to streamline its work processes. It would also allow a more balanced work distribution among staff, enabling the processing of all incoming and outgoing mail in a more efficient, accurate and timely manner.

Financial Services Section

48. The Financial Services Section is responsible for all financial, accounting and disbursement operations of the Fund. Since the post was first established in 1992, the payroll has increased from a value of $614,878,062, representing payment to 33,923 beneficiaries, to $1.533 billion, representing payment to 56,721 beneficiaries

at the end of 2006. Additionally, the number of member organizations from which, contributions are collected on a monthly basis has increased from 16 in 1992 to 22 in 2007, with a consequent increase in the number of participants from 61,968 to 98,433. The value of contributions remitted to the Fund has increased from $676,395,981 in 1992 to $1.464 billion in 2006; and the work involved in ensuring compliance has become more voluminous and complex owing to differing payrolls for each of the member organizations. The major functions, accounts, payments and cashier have thus become increasingly complex dealing with over 55,000 payments made on a monthly basis to over 190 countries; in addition of operational treasury activities, cash flow and cash management functions have been added as new functions since contributions are now paid directly into operational bank accounts as opposed to those of IMS.

49. The Financial Services perform key functions for the Fund and is the focal point for all financial transactions in a rapidly changing banking environment that requires quick and accurate responses worldwide, attention to detail and in-depth technical knowledge. The Financial Services Section is also responsible for producing accurate and timely financial statements, for the Fund as a whole, which are presented directly to governing bodies and for liaison and coordination with both Internal and External Auditors with regard to the financial aspects of the UNJSPF.

Business Analyst (1 P-4)

50. The Pension Fund is process-driven. In the operations area, meeting the need to handle large volumes of transactions accurately and efficiently will increasingly be the only way the Fund will be able to achieve its goals. The IT services will require specialized input from the business side to adequately define scope and review enhancements. Auditors have recommended "that the UNJSPF management designate a business analyst to be responsible for management of user requirements and to act as a liaison between user groups and IMSS".

51. The ever-increasing number of members and beneficiaries means that staff are always under pressure to meet basic operational targets of closing the payroll on schedule, maintaining contribution records in good order and paying beneficiaries their entitlements in good time. The requirements this imposes in terms of meeting operational deadlines and dealing with current volumes leave no time for systematic review of process flows. Time taken to review processes or to participate in project-based work represents an opportunity cost in terms of day-to-day operations, which exacerbates the operational difficulties in handling the general workload.

52. Major business systems are not fully integrated. Specialist knowledge in one area may not be replicated in another. The Fund needs to develop a pool of knowledge across different platforms accommodating the constraints of different environments. This requires system development and business analysis skills in addition to the purely technical or financial skills expected for the line management role.

53. Failure to integrate that approach will mean that the likelihood of the Fund not taking advantage of all possible enhancements to its processes is increased, since it will end up with an IT solution to what IT believes to be the problem, as opposed to what is specifically required by users.

54. All initiatives need to be bench-tested and taken through trial process before implementation. The end-user community is best placed to judge if requirements and criteria are met. Staff need to be given time off task so that they can reflect in a meaningful and productive manner about how work is completed and where potential for improvement lies. Actual projects that required Financial Services Section involvement are listed below by the relevant biennium and also shown in figure VIII:

(a) 2002-2003 biennium:

1. Cost-of-living letterhead project;
2. Payment instruction database clean-up;
3. Lawson Enhancement Projects: daily report enhancement; vendor edit in accounts payable description; cash requirement report enhancement; payment instructions; French tax statement;
4. File hierarchy for individual and collective documents on shared drive;

(b) 2004-2005 biennium:

1. Bank payment data conversions for a number of banks;
2. Workflow upgrade;
3. On-demand;
4. Banking system enhancement — bank procedures transition;
5. Cost-of-living 0.5 point deduction — phase I;

(c) 2006-2007 biennium:

1. International Bank Account Number (IBAN) conversion;
2. Business continuity — disaster recovery;
3. Knowledge management system;
4. Accounts receivable module implementation;
5. After-service health insurance;
6. Cost-of-living 0.5 point deduction — phase II;
7. Revised returned-payment processing;

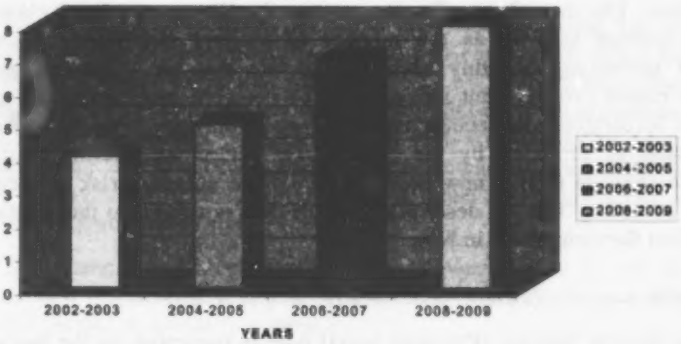
(d) Planned 2008-2009 biennium:

1. Automation of payroll journal entries;
2. Lawson upgrade;
3. Payments conversion for Credit Unions;
4. Accounts receivable implementation phase II — contributions;
5. Data warehouse;
6. Knowledge management system — phase II;

7. **Correspondent bank for non-United States dollar high-value payments;**

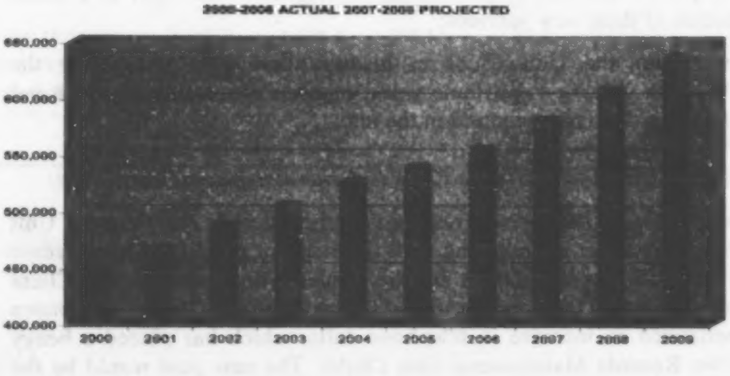
8. **Content manager enhancements.**

Figure VIII
UNJSPF Financial Services Section and related projects



55. A business analyst should sit at the centre of informal networks of key personnel in each Unit. Within each Unit a Professional staff member at the deputy level and a senior General Service support staff member should be explicitly tasked with responsibility for IT enhancement. The analyst will need to hold cross-cutting unit input meetings.

Figure IX
Pension payments by quantity



Geneva Office

56. This office is the direct focal point for 24,400 participants from specialized agencies based in Geneva, 15,500 participants from the United Nations family as well as the focal points for the retirees and beneficiaries living in the region of Geneva. As of 1 January 2007, this represents 18 agencies and 8 United Nations

entities. The International Organization for Migration joined the Fund as a new member as of 1 January 2007, which added about 1,500 new participants.

Chief, Client Servicing and Records Management Unit (1 P-4)

57. One Professional post is required for this new unit to ensure the availability of management skills and technical and policy competences required to monitor, guide and assist the unit. Technical competences are important as queries may be in relation to survivors and divorced spouse benefits, calculation of actuarial costs and transfer values. The incumbent will also process the Emergency Fund claims. The volume of queries as well as the number of visitors requesting personalized meetings is increasing. Monthly averages indicate that the office receives 215 visitors per month (76 per cent retirees and 24 per cent participants). Therefore, professional leadership will become necessary on a full-time basis instead of on a part-time basis as provided by the Finance Officer as an interim solution. In addition, the creation of this new post will avoid the potential risk of inadequate segregation of duties. The job description of this post is similar to the existing post with the Client Servicing Unit in New York.

Senior Benefits Assistant (1 General Service (Principal level))

58. A new General Service (Principal level) post is requested on the basis of the following:

(a) The variety of the enquiries and explanations to participants and beneficiaries as well as secretaries of the Staff Pension Committees of member organizations with respect to the resolution of complex issues of interpretation and application of the Regulations and Rules and pension adjustment system of the Fund in combination;

(b) The necessity of a trainer in the Geneva office for the Benefits Assistants;

(c) The expected increase in the number of enquiries and visits as a direct result of the creation of these new services;

(d) Deputize for the Unit Chief in his/her absence in overseeing the operations of the work unit, i.e., distribute work, monitor processing of cases and carry out the administrative tasks required in the unit.

Records Maintenance Unit Administrative Clerk (1 General Service (Other level))

59. General temporary assistance was required by the Records Maintenance Unit to face the increasing number of incoming mail (ordinary or e-mails). This increase is due to intensified follow-up actions by the Pension Entitlements and Client Services Section and due to the creation of the Client Servicing Unit. The Geneva office also experienced an increase in telephone calls, which has placed a heavy burden on the two Records Maintenance Unit Clerks. The new post would be the conversion of a general temporary assistance post to a permanent one.

Finance Assistant (1 General Service (Other level))

60. The new duties assigned to the Finance Unit combined with the ageing of the workforce of the member organizations create a direct burden. Therefore, general

temporary assistance was required and was engaged from November 2006 onwards. In anticipation of an exceptional workload due to modified article 24 (restoration) for 2007 and 2008, ongoing assistance is needed. The requested post is the conversion of the general temporary assistance post to a permanent post and will contribute to the enhancement of the servicing activities of the Finance Unit in Geneva.

Benefits Assistant (2 General Service (Other level))

61. The participant population is steadily growing and ageing. The average annual expected increase of retirements among the participants population handled by the Geneva office over the next five years is 7 per cent, which means that in five years an extra 40 per cent of retirement cases (basis 2006) will be processed. Anticipating this increase and, given that the training path of a Benefits Assistant is long, recruitment of one Benefits Assistant for each unit is needed. This will in turn ensure the availability of experienced staff when vacancies occur as a result of mobility or retirement of staff.

62. The financial resources requested are shown in table 7, and the distribution between real resource growth and apparent resource growth (resources transferred from one section to another) in table 8.

Table 7
Financial resources requested
(Thousands of United States dollars)

Category	*2004-2005 expenditure*	*2006-2007 appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*Apportionment*		*2008-2009 estimate*
			Amount	*Percentage*			*United Nations*	*Pension Fund*	
Posts	17 102.3	19 881.0	2 292.8	11.5	22 173.8	1 373.4	7 849.1	15 698.1	23 547.2
Other staff costs	855.5	679.4	1 845.2	271.6	2 524.6	183.7	153.6	2 554.7	2 708.3
Travel	44.5	31.9	(31.9)	(100.0)	—	—	—	—	—
General operating expenses	2 868.2	1 525.6	500.1	32.8	2 025.7	131.7	—	2 157.4	2 157.4
Supplies and materials	1.9	76.5	(76.5)	(100.0)	—	—	—	—	—
Furniture and equipment	86.2	106.0	(106.0)	(100.0)	—	—	—	—	—
Total	**20 958.6**	**22 300.4**	**4 423.7**	**19.8**	**26 724.1**	**1 688.8**	**8 002.7**	**20 410.2**	**28 412.9**

Table 8
Real resource growth

(Thousands of United States dollars)

Category	Appropriations 2006-2007	Resource growth			Estimate before recosting 2008-2009
		Apparent resource growth	*Real resource growth*	*Total resource growth*	
Posts	19 881.0	—	2 292.8	2 292.8	22 173.8
Other staff costs					
General temporary assistance	659.2	—	1 865.4	1 865.4	2 524.6
Overtime	20.2	(20.2)[a]	—	(20.2)	—
Subtotal other staff costs	**679.4**	**(20.2)**	**1 865.4**	**1 845.2**	**2 524.6**
Travel of staff[a]	31.9	(31.9)[a]	—	(31.9)	—
General operating expenses					
Rental of premises	534.0	(534.0)[b]	—	(534.0)	—
Rental of equipment	26.2	(26.2)[b]	—	(26.2)	—
Operating expenses	965.4	—	1 060.3	1 060.3	2 025.7
Subtotal general operating expenses	**1 525.6**	**(560.2)**	**1 060.3**	**500.1**	**2 025.7**
Supplies and materials	76.5	(76.5)[b]	—	(76.5)	—
Furniture and equipment	106.0	(106.0)[b]	—	(106.0)	—
Total	**22 300.4**	**(794.8)**	**5 218.5**	**4 423.7**	**26 724.1**

[a] 2006-2007 resources previously requested by the Geneva office, which in future will be requested under executive direction and management.

[b] 2006-2007 resources previously requested by the Geneva office, which will in future be requested under programme support (Executive Office).

	Cost estimate	*Variance*	
Posts	$22,173.8	$2,292.8	11.5%

63. The estimate of $22,173,800 provides for the salaries, common staff costs and staff assessment for 109 continuing posts and the proposed 12 new established posts (2 P-4, 2 P-3, 1 General Service (Principal level), 7 General Service (Other level)). The variance is due to the increase in the number of posts. It should be noted that one General Service (Other level) post for the after-service health insurance programme is funded from extrabudgetary resources by member organizations.

	Cost estimate	*Variance*	
Other staff costs	$2,524.6	$1,845.2	271.6%

64. A provision of $2,524,600 is made for general temporary assistance, comprised of resources for peak periods ($392,900), the additional temporary resources which will be required to assist with the business side of a number of projects ($2,084,800), which are, in the main, to be implemented by IMSS, and for the implementation (which includes a change in the Regulations and Rules of the

Fund) of the one-time payment to certain beneficiaries for the effect of dollarization in Ecuador ($46,900) as shown in table 9 below.

Table 9
Other staff costs resource requirements
(Thousands of United States dollars)

Description	*Appropriations 2006-2007*	*Estimate 2008-2009*	*Increase or (decrease)*
Peak periods	461.4	392.9	(68.5)
Fund projects	—	2 084.8	2 084.8
Board approved adjustments	197.8	46.9	(150.9)
Overtime (Geneva)	20.2	—	(20.2)
Total	**679.4**	**2 524.6**	**1 845.2**

65. Details of the projects to be implemented by the secretariat are given in paragraphs 82 to 93, and the estimated costs in table 19. A number of these projects require substantial input from the business side of the Fund (either or both Pension Entitlements and Client Services Section and Financial Services Section). In order to release experienced staff to participate in the projects to provide expertise and guidance, they will need to be replaced in their day-to-day duties to ensure that the Fund continues to pay beneficiaries and maintain participation records by the use of general temporary assistance. A total of 156 work-months at the P-3 level and 60 work-months at the General Service (Other level) is required by Pension Entitlements and Client Services Section and Financial Services Section for the following projects:

(a) Member organization information-sharing initiatives (data collection);

(b) Client services initiatives;

(c) Web system initiatives;

(d) Enterprise system initiatives;

(e) Banking project.*

66. As a result of the effects of dollarization, the Secretary/Chief Executive Officer proposed a one-time payment to certain beneficiaries residing in Ecuador (see section V, para. 131). Should the Board agree to, and the General Assembly approve the proposal, general temporary assistance amounting to one work-month at the P-3 level and six work-months at the General Service (Other level) would be required.

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* The selection of a banking partner by the end of 2008 will entail an increase in the workload of the Cashiers Unit for research and planning. This is an important area in which detailed knowledge of the functions is required and which will result in the complete involvement of either the Cashier and/or the Deputy Cashier, requiring a replacement for an extended period.

	Cost estimate	Variance	
Travel	—	($31.9)	(100.0%)

67. In previous budget submissions resources for travel for the Geneva office were identified separately. The reduction in resources requested is caused by the use of the results-based budgeting format, whereby the Geneva office is one element of the programme of work and, therefore, resources required under this heading for the Geneva office are requested under executive direction and management.

	Cost estimate	Variance	
General operating expenses	$2,025.7	$500.1	32.8%

68. General operating expenses for the Geneva office (rental of premises and equipment) were identified separately in the biennium 2006-2007, whereas in this current submission they are incorporated under programme support. The increase in provision is caused by a change in the treatment for bank charges and bank interest. While bank charges and interest from banks were identified separately in the biennium 2006-2007, the net amount was requested. In the current proposal this is not the case, with gross bank charges being requested under this heading and interest from banks shown as an income item. The provision of $2,025,700 made for bank charges is based on the actual charges incurred in 2006 and the early part of 2007. Details are given in table 10 below.

Table 10
General operating expenses
(United States dollars)

Description	*Appropriation 2006-2007*	*Estimate 2008-2009*	*Increase or (decrease)*
Maintenance of premises (Geneva)	534 000	—	(534 000)
Rental of equipment (Geneva)	26 200	—	(26 200)
Operating expenses			
Bank charges	2 076 000	2 025 700	(50 300)
Interest from banks	(1 110 600)	—	1 110 000
Total	**1 525 600**	**2 025 700**	**500 100**

	Cost estimate	Variance	
Supplies and materials	—	($76.5)	(100.0%)

69. In previous budget submissions, resources for supplies and materials for the Geneva office were identified separately. The reduction in resources requested is caused by the use of the results-based budgeting format, whereby the Geneva office is one element of the programme of work and, therefore, resources required under this heading are included under programme of support.

	Cost estimate	Variance	
Furniture and equipment	—	($106.0)	(100.0%)

70. In previous budget submissions, resources for furniture and equipment for the Geneva office were identified separately. The reduction in resources requested is caused by the use of the results-based budgeting format, whereby the Geneva office is one element of the programme of work and, therefore, resources required under this heading are included under programme support.

C. Programme support

1. Information Management Systems Service

Table 11
Human resource requirements

	Established posts		*Temporary posts*		*Extrabudgetary posts*		*Total*	
Category	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*
Professional and above								
D-1	1	1	—	—	—	—	1	1
P-5	2	2	—	—	—	—	2	2
P-4	5	6	—	—	—	—	5	6
P-3	10	10	—	—	—	—	10	10
Subtotal	**18**	**19**	—	—	—	—	**18**	**19**
General Service								
Principal level	1	1	—	—	—	—	1	1
Other level	5	6	—	—	—	—	5	6
Subtotal	**6**	**7**	—	—	—	—	**6**	**7**
Total	**24**	**26**	—	—	—	—	**24**	**26**

71. The financial resources requested are shown in table 12 with the distribution between real resource growth and apparent resource growth (resources transferred from one section to another) in table 13.

Table 12
Financial resources requested

(Thousands of United States dollars)

Category	2004-2005 expenditure	2006-2007 appropriation	Resource growth Amount	 Percentage	Total before recosting	Recosting	Apportionment United Nations	 Pension Fund	2008-2009 estimate
Posts	4 798.3	6 021.4	725.4	12.0	6 746.8	430.3	1 873.2	5 303.9	7 177.1
Other staff costs	235.4	212.7	(32.7)	(15.4)	180.0	11.7	—	191.7	191.7
Travel	75.0	56.0	98.0	175.0	154.0	10.0		164.0	164.0
Contractual services	9 247.8	12 323.7	5 391.3	43.7	17 715.0	1 151.4	3 362.9	15 503.3	18 866.4
General operating expenses	164.1	475.2	469.8	98.9	945.0	61.0	170.4	835.6	1 006.0
Supplies and materials	119.5	109.0	11.0	10.1	120.0	7.8	29.2	98.6	127.8
Furniture and equipment	4 440.7	4 031.9	106.0	2.6	4 137.9	269.0	460.8	3 946.1	4 406.9
Total	**19 080.8**	**23 229.9**	**6 768.8**	**29.1**	**29 998.7**	**1 941.2**	**5 896.5**	**26 043.4**	**31 939.9**

Table 13
Real resource growth

(Thousands of United States dollars)

Category	Appropriations 2006-2007	Resource growth Apparent resource growth	 Real resource growth IMS	 Real resource growth IMSS	 Total resource growth	Estimate before recosting 2008-2009
Posts	6 021.4	313.1	322.3	90.0	725.4	6 746.8
Other staff costs — Training	212.7	—	—	(32.7)	(32.7)	180.0
Travel of staff	56.0	—	—	98.0	98.0	154.0
Contractual services	12 323.7	704.8	410.2	4 276.3	5 391.3	17 715.0
General operating expenses						
Operating expenses	259.5	—	—	(69.5)	(69.5)	190.0
Communications	215.7	—	455.0	84.3	539.3	755.0
Subtotal general operating expenses	**475.2**	**—**	**455.0**	**14.8**	**469.8**	**945.0**
Supplies and materials	109.0	10.4	15.7	(15.1)	11.0	120.0
Furniture and equipment	4 031.9	715.0	—	(609.0)	106.0	4 137.9
Total	**23 229.9**	**1 743.3**[a]	**1 203.2**	**3 822.3**	**6 768.8**	**29 998.7**

[a] 2006-2007 resources previously requested under the Information Systems Section, IMS.

	Cost estimate	Variance	
Posts	$6,746.8	$725.4	12.0%

72. The estimate of $6,746,800 provides for the salaries, common staff costs and staff assessment for 24 continuing posts and the redeployment of 2 posts from IMS as part of the information technology consolidation (1 P-4, 1 General Service (Other level)). The variance is due to the increase in the number of posts.

	Cost estimate	Variance	
Other staff costs	$180.0	($32.7)	(15.4%)

73. The provision of $180,000 is required for the training of staff in technology and network administration, database administration, programming and systems analysis.

	Cost estimate	Variance	
Travel	$154.0	$98.0	175.0%

74. The estimated requirement of $154,000 relates to travel of staff to member organizations, technical conferences and seminars and representation at the Information Communications and Technology Network and meetings with the International Computing Centre (ICC). The travel budget has been increased, to accommodate more travel to support the Geneva office and Business Continuity Planning, as shown in table 14 below.

Table 14
Travel requirements for Information Management Systems Service

Type of travel	*Amount (US dollars)*	*Output reference*
Travel of staff		
Technical support (Information technology)	92 300	Visits by IT staff to Geneva and the Fund's disaster recovery site
Conferences	27 300	Enterprise Systems and Operations Services
Miscellaneous travel	16 700	—
ICT Network and ICC meetings	17 700	Enterprise Systems and Operations Services
Total	**154 000**	

75. A provision of $154,000 is required for staff of IMSS to carry out duties in Geneva and at the Fund's disaster recovery site ($92,300), to attend technology conferences ($27,300), miscellaneous travel ($16,700) and ICT Network and ICC Management Meetings ($17,700). The increased provision is as a result of additional technical support provided to the Geneva office and expansion of the Pension Fund's disaster recovery services in Geneva.

	Cost estimate	*Variance*	
Contractual services	**$17,715.0**	**$5,391.3**	**43.7%**

76. The estimated requirement of $17,715,000 for information systems-related contractual services is related to the cost of ongoing projects ($500,000), new projects ($7,376,800) and the maintenance of existing systems ($9,838,200). The Fund now relies on ICC to maintain and support its Internet, messaging and networking services, along with mainframe hosting. Of the total contractual services, ICC will undertake new projects amounting to $2,902,300 and the maintenance of existing systems amounts to $7,241,800.

77. Of the provision requested, maintenance costs amounting to $9,838,200 are recurrent costs and project costs, of $7,876,800, are non-recurrent. The increase in contractual services amounting to $5,391,300 is indicated in table 15 below.

Table 15

Resource growth — contractual services

(United States dollars)

Description	*Appropriations 2006-2007*	*Estimate 2008-2009*	*Increase or (decrease)*
Maintenance			
ICC	**6 083 800**	**7 241 800**	**1 158 000**
Other contractors	**2 042 800**	**2 596 400**	**553 600**
Subtotal maintenance[a]	**8 126 600**	**9 838 200**	**1 711 600**
Projects			
ICC	**—**	**2 902 300**	**2 902 300**
Other contractors	**4 197 100**	**4 974 500**	**777 400**
Subtotal projects[b]	**4 197 100**	**7 876 800**	**3 679 700**
Total	**12 323 700**	**17 715 000**	**5 391 300**

[a] **Recurrent costs.**

[b] **Non-recurrent costs.**

	Cost estimate	*Variance*	
General operating expenses	**$945.0**	**$469.8**	**98.9%**

78. The provision of $945,000 relates to communications ($755,000) and to the disaster recovery facility ($190,000). Communications comprises the usage of handheld devices and cell phones ($165,000), Internet access and rental ($330,000), long distance calls for IMS ($250,000) and the $10,000 paid under the cost-sharing arrangement to the United Nations for communications costs for the secretariat, as indicated in table 16 below.

Table 16

Communication costs

(Thousands of United States dollars)

Description	*IMSS*	*IMS*	*Total*
Handheld devices	90.0	75.0	165.0
Internet access	200.0	130.0	330.0
Long distance calls	10.0	250.0	260.0
Total	**300.0**	**455.0**	**755.0**

79. The provision for ($190,000) has been made for the IBM disaster recovery facility, which supports the Fund's international computing infrastructure. The reduction in cost from the previous biennium is due to the set-up of a new disaster recovery facility in Geneva.

	Cost estimate	*Variance*	
Supplies and materials	$120.0	$11.0	10.1%

80. The estimated requirement of $120,000 for supplies and materials relates to optical disks, print cartridges and cables, and miscellaneous items.

	Cost estimate	*Variance*	
Furniture and equipment	$4,137.9	$106.0	2.6%

81. A provision of $4,137,900 is made for furniture and equipment as part of the Funds equipment-replacement programme, whereby equipment is replaced after four years of use ($1,617,900), for equipment required for projects ($2,125,000), and new additional equipment ($395,000). The additional resources requested, amounting to $106,000, are indicted in table 17 below.

Table 17

Furniture and equipment

(Thousands of United Sates dollars)

Description	*Appropriations 2006-2007*	*Estimate 2008-2009*	*Increase or (decrease)*
Replacement programme[a]	2 345.4	1 617.9	(727.5)
Projects[b]	1 686.5	2 125.0	438.5
New equipment[b]		395.0	395.0
Total	**4 031.9**	**4 137.9**	**106.0**

[a] Recurrent costs.

[b] Non-recurrent costs.

Table 18

Summary of resource growth: Information Management Systems Service

(Thousands of United States dollars)

Category	Appropriations 2006-2007	Resource growth		Estimate before recosting 2008-2009
		IMSS volume	*IMS*	
Posts	**6 021.4**	**90.0**	**635.4**	**6 746.8**
Other staff costs — training	**212.7**	**(32.7)**	**—**	**180.0**
Travel of staff	**56.0**	**98.0**	**—**	**154.0**
Contractual services	**12 323.7**	**4 276.3**	**1 115.0**	**17 715.0**
General operating expenses				
Operating costs	**259.5**	**(69.5)**	**—**	**190.0**
Communications costs	**215.7**	**84.3**	**455.0**	**755.0**
Subtotal general operating expenses	**475.2**	**14.8**	**455.0**	**945.0**
Supplies and materials	**109.0**	**(15.1)**	**26.1**	**120.0**
Furniture and equipment	**4 031.9**	**(609.0)**	**715.0**	**4 137.9**
Total	**23 229.9**	**3 822.3**	**2 946.5**	**29 998.7**

Projects to be undertaken in the 2008-2009 biennium ($10,001,800)

Table 19

Summary of project costs: IMSS and operations

(Thousands of United States dollars)

Project	Information Management Systems Service			Operations General temporary assistance			Total
	Hardware/ software	*Contractual services*	*Subtotal*	*PECS*	*FAS*	*Subtotal*	
Member organization information-sharing initiatives	**100.0**	**1 934.9**	**2 034.9**	**132.8**	**409.1**	**541.9**	**2 576.8**
Client services initiatives	**300.0**	**761.2**	**1 061.2**	**265.5**	**—**	**265.5**	**1 326.7**
Web system initiatives	**400.0**	**1 817.4**	**2 217.4**	**265.4**	**470.1**	**735.5**	**2 952.9**
Enterprise system initiatives[a]	**—**	**1 813.3**	**1 813.3**	**132.8**	**—**	**132.8**	**1 946.1**
Enterprise operations initiatives	**1 325.0**	**800.0**	**2 125.0**	**—**	**—**	**—**	**2 125.0**
IT consolidation	**—**	**750.0**	**750.0**	**—**	**—**	**—**	**750.0**
Banking project	**—**	**—**	**—**	**—**	**409.1**	**409.1**	**409.1**
Total	**2 125.0**	**7 876.8**	**10 001.8**	**796.5**	**1 288.3**	**2 084.8**	**12 086.6**

[a] **Includes $500,000 to complete the 2006-2007 Lawson upgrade.**

Member organization information-sharing initiatives ($2,034,900)

82. The member organization information-sharing initiatives would expand upon existing applications interfaces with the member organizations as a means to electronically exchange participant and beneficiary information, described as follows:

(a) The data-collection system is a series of computer applications that permit the sharing of human resources and contributions-related data between member organizations and the Fund. Each sub-system is customized to accommodate the computing environment of a particular member organization and takes into consideration unique business rules. The Fund is expecting to electronically capture 75 per cent of human resources-related data by the end of 2007. Based on the success of this effort, IMSS intends to expand the scope of the project to include all remaining organizations, including those that are migrating to an Enterprise Resource Planning (ERP) system (e.g., SAP, Oracle and Peoplesoft). The project will also be expanded in the biennium 2008-2009 to include the electronic transmission of financial data between the UNJSPF and member organizations, which calls for the systematic assembly of relevant data stored in multiple systems and file formats requiring translation, modification and transfer of information among different database management systems;

(b) The Participant Reconciliation Exceptions (PRE) component of the system will identify anomalies between the expected individual participant's contributions and those reported by the employing organization on behalf of the participant. Over the years, with the growth of the Fund's participant population, the number of PREs generated each year has increased, making the PRE exercise a manual and extremely time-consuming task for the Fund. The PRE redesign project seeks to redesign the procedures for resolving and reporting errors, including the design and development of a system-assisted reporting tool.

Client services initiatives ($1,061,200)

83. The client services initiatives will enhance various custom applications to include customer relationship features and a graphical signature module to help the Client Services Unit manage their workload more efficiently and reduce the risk of fraud:

(a) Sort all correspondence for distribution to different areas in the Fund: in order to properly monitor the type of queries and correspondence received, it would be necessary to isolate the different types of incoming mail including e-mail to improve quality of service and communications;

(b) Add graphical signatures to the electronic folders of each participant for comparison purposes. This would reduce the risk of fraud;

(c) Enhance communications with participants and beneficiaries with the introduction of client relationship management collaborative software and a computer telephony interface;

(d) Enhancing and modifying the current process and the form used in the distribution of the certificate of entitlement.

Web systems initiatives ($2,217,400)

84. The web systems initiatives will assist beneficiaries and participants in accessing information more easily, by implementing custom web-based applications, like cost-of-living and benefit statements, and further introducing a custom portal to interface with related applications, thereby providing interactive communication with UNJSPF staff, member organizations, participants and beneficiaries:

(a) The web applications currently provided include the benefit estimate system, certificate of entitlement follow-up, two-track benefit estimate and annual statement. The standard web features, currently provided by the Fund, have also been integrated into this comprehensive web-based system. In the coming biennium, the Fund will expand its web offerings to include cost-of-living and benefit statements, along with participant and beneficiary profiles, which permit the viewing of data contained in the UNJSPF database;

(b) Integrate and host an independent Pension Fund web domain and associated web applications, from within the data centre of the UNJSPF. This would allow greater flexibility and reliability in configuring mission critical applications. This project will involve setting up the required infrastructure to support the hosting of web applications, including networks, security, firewalls, DMZ's intrusion detection, and domain hosting;

(c) During the biennium 2006-2007, the UNJSPF adopted a portal technology strategy. During 2008-2009, the UNJSPF will expand the usage of portal technologies to include mission critical application interfaces. The portal technology will be applied to expand the reach of pension applications to an external audience within the framework of a unified application interface and dynamic roles. The Pension Fund will be exploring the use of portal web content management to enhance the delivery of its current web content applications. The UNJSPF will further expand the use of portal technology to integrate electronic forms to expand the use of data-collection to additional member organizations.

Enterprise systems initiatives ($1,813,300)

85. The enterprise systems initiatives will ensure that mission-critical business applications, including content management and Lawson, are current with upgraded technology and keep pace with changes to the Pension Fund's business model:

(a) The Fund uses the Lawson Financial Suite to perform many financial operations. Payments to beneficiaries flow through the Lawson system and the consolidated books and records for the UNJSPF are maintained on the system. Much of the data supporting and generating the financial transactions, however, originate in a series of proprietary applications. As a result, the Lawson system is surrounded by a number of interfaces involving internal applications, and outside entities, such as banks. Owing to the uniqueness of the Fund's business, as compared to other pension plans, the basic Lawson system package had significant modifications prior to its installation in 1999. Since then the Fund has further customized the Lawson system and established a number of new programmes, such as the recently deployed accounts receivable module. These customized modules and their interfaces require daily support and monitoring. In the biennium 2006-2007, the Pension Board had approved the budget for the upgrade of the Lawson system. Due to a delay in the procurement process, however, only half of the project is expected to be completed by the end of 2007. According to the United Nations Financial Rules, the unused budget 2006-2007 for this project is to be returned to the Fund's principal. Thus, the Fund is requesting additional funding to complete the remainder of the Lawson upgrade in 2008;

(b) The content management system is one of the Fund's core applications, supporting operational workflow and document management. It provides facilities to scan, index, store, retrieve, and process incoming documents (both internal and external), correspondence, faxes, and other requests generated by participants and beneficiaries. It utilizes the workflow concept, by scanning incoming documents and placing them into a case with a specific work type and routing the case into the appropriate user queue. The content management system was upgraded in the biennium 2002-2003, but while the upgrade was successful, there remain several enhancements that must be completed before maximum value can be realized. The enhancements include: (a) the importing of signatures from an external source for comparison purposes; and (b) enhancing communications with participants and beneficiaries with the introduction of client relationship management collaborative software with a computer telephony interface.

Enterprise operations initiatives ($2,125,000)

86. The enterprise operations initiatives will ensure that the UNJSPF computing infrastructure keeps pace with the changing requirements of the Fund, taking advantage of technologies available to support change and in turn provide improvements in security, performance and quality of service while reducing the risk of system failure.

87. With the growth in computing requirements and to preserve the optimized use of available data centre space, the UNJSPF will be utilizing the techniques of Server Virtualization during the 2008-2009 biennium. The primary purpose of virtualization would be to simplify access to resources and to manage those resources. Virtualization would allow IT infrastructure administrators to dynamically manage the configuration of resources like memory, disk and processors, while mitigating the impact of any changes to end users and applications. It would further lead to saving physical space and faster and more accurate provisioning of servers either in real-time or in a disaster recovery scenario.

88. Networks and communications are the backbone on which the UNJSPF applications have been performing for quite some time. During 2008-2009, the UNJSPF will be embarking on a project to build on this backbone. The project would include the implementation of new communication technologies like "Gigabit Networks to the desktop", Optical/fibre backbone for server farms, MPLS (Multi Protocol Label Switching). These changes would lay the foundation and required path for future computing technologies like IP telephony, unified desktop messaging, videoconferencing from the desktop, and server centric portals.

89. Messaging is an integral component of communication to our participants and beneficiaries. This project will consolidate the mail servers and domains of the New York and Geneva offices to a single pension mail domain. It would further streamline direct connections to various United Nations entities for easy directory synchronization and efficient mail transfer. This project would also consolidate the UNJSPF disaster recovery messaging infrastructure to facilitate seamless e-mail usage in the event of disaster.

90. The current data centre has already been working at near full capacity with respect to available power and uninterruptible power supply (UPS) capacity. It had been noted during the planning stage that the existing data centre had limited capacity. During 2007/2008, the UNJSPF will be embarking on a project to upgrade its current UPS capacity incrementally. Additional upgrades may be required in the data centre infrastructure to support the growth of the Fund's technological

environments. Additionally, upgrades are planned for server racks, keyboard video monitor (KVM) switches and other infrastructure equipment and software.

91. The Fund will also be upgrading the infrastructure in Geneva owing to growing transaction volumes and in order to address the needs of the relocation.

Information technology Consolidation with Investment Management Service ($750,000)

92. The IT consolidation with IMS initiative will ensure that there is a seamless consolidation between the computing infrastructure of IMS and the UNJSPF secretariat under one Service, driven by a common service-level agreement. The Working Group report on consolidation indicates a net savings of $468,900 after considering project costs of $750,000, which is requested in the biennium 2008-2009.

93. The IT consolidation project team will implement the recommendations of the report of the Working Group and lay out detailed plans, procedures and service-level agreements, using established quality and security guidelines. The project will evaluate the opportunities to improve efficiency and service levels by leveraging technology to take advantage of existing or similar infrastructure/services. This project will also produce a risk and vulnerability assessment on the new consolidated infrastructure to access any gaps between the IT infrastructure and the associated industry standards for financial institutions.

2. Executive Office

Table 20
Human resource requirements

	Established posts		*Temporary posts*		*Extrabudgetary posts*		*Total*	
Category	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*
Professional and above								
P-5	1	1	—	—	—	—	1	1
P-4	—	1	—	—	—	—	—	1
P-3	2	1	—	—	—	—	2	1
Subtotal	3	3	—	—	—	—	3	3
General Service								
Other level	3	4	—	—	—	—	3	4
Subtotal	3	4	—	—	—	—	3	4
Total	6	7	—	—	—	—	6	7

Justification of new and reclassified posts

Reclassification of one Administrative Officer post from the P-3 to the P-4 level

94. The current staffing table of the Executive Office comprises one P-5, two P-3 (one Administrative Officer and one Budget Officer) and three General Service (Other level). Because the Administration of the Fund also acts as the secretariat of the Fund, additional secretariat responsibilities are also placed upon the Executive Office. This includes functions such as drafting papers for presentation at the annual Pension Board sessions and Committee of Actuaries meetings and the additional administrative work involved in such meetings.

95. The responsibilities of the Administrative Officer comprise all human resources functions plus all of those that are not directly connected with finance or budget, and include those connected with the various secretariat functions and acting as Officer-in-Charge during periods of absence of the Executive Officer. Since the approval of the Administrative Officer post in 1992, the functions have increased in complexity owing to the addition of a number of new systems and regulations, and the impact of these changes on the unusual status of the Pension Fund as an inter-agency organization within the United Nations system.

96. In addition, and since moving to commercial premises, the Administrative Officer has taken on the responsibility for the facilities management functions outlined below and would, if approved, supervise the Facilities Management Assistant requested. Furthermore, due to restructuring of the Geneva-based office, the Administrative Officer has the added functions of initiating and coordinating all actions covering the entire span of human resource activities for this office, which includes coordination with all levels of United Nations Office at Geneva Administration. The reclassification of the P-3 Administrative Officer post to the P-4 level is requested.

Facilities Management Assistant (1 General Service (Other level))

97. Since moving from the Secretariat Building into a commercial-owned building at 1 Dag Hammarskjöld Plaza, the Fund has taken over a great deal of the responsibility for facilities management that was previously undertaken by the Facilities Management Service. The Fund is currently party to a sub-lease for its office space and, therefore, there is a great deal of interaction with the tenant over the maintenance of this contract. All charges such as rent, utilities, real estate tax, operating expenses and miscellaneous charges are in the first instance charges to the tenant, who subsequently charges the Fund.

98. In addition, general maintenance and minor alterations of the Fund's office space are handled by the Fund's Executive Office rather than Facilities Management Service. These additional responsibilities include all aspects of contractual arrangements for such items as cleaning, and light and air conditioner maintenance. General maintenance, that in the Secretariat Building would be a simple web-based request to Facilities Management Service, requires full involvement on the part of the Executive Office to specify the scope of works, negotiation and selection of contractors and overseeing the actual quality of the work. In addition, minor alterations require in-depth negotiation with the building management, involving architects, contractors, application and receipt of work permits from the City and supervision of such work. As the only United Nations tenant (or more accurately a

sub-tenant) in a commercial building, the Fund's Executive Office deals directly with the building manager and his staff on a daily basis on the plethora of building management issues.

99. It is only now, after the Fund has occupied its current premises for over two years, that the amount of work involved in facilities management is apparent. One General Service (Other level) staff member is requested to take on the responsibilities for facilities management. The incumbent would also take on the responsibility for the Funds property management.

100. The financial resources requested are shown is table 21 with the distribution between real resource growth and apparent resource growth (resources transferred from one section to another) in table 22.

Table 21
Financial resources requested
(Thousands of United States dollars)

			Resource growth				Apportionment		
Category	*2004-2005 expenditure*	*2006-2007 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension fund*	*2008-2009 estimate*
Posts	816.6	1 195.4	250.6	21.0	1 446.0	99.5	515.2	1 030.3	1 545.5
General operating expenses	—	—	8 913.5	—	8 913.5	146.2	2 905.6	6 154.1	9 059.7
Supplies and materials	—	212.1	(107.1)	(50.5)	105.0	6.6	37.2	74.4	111.6
Furniture and equipment	—	51.9	—	—	51.9	2.8	5.1	49.6	54.7
Total	**816.6**	**1 459.4**	**9 057.0**	**620.6**	**10 516.4**	**255.1**	**3 463.1**	**7 308.4**	**10 771.5**

Table 22
Real resource growth
(Thousands of United States dollars)

		Resource growth			
Category	*Appropriations 2006-2007*	*Apparent resource growth*	*Real resource growth*	*Total resource growth*	*Estimate before recosting 2008-2009*
Posts	1 195.4	—	250.6	250.6	1 446.0
General operating expenses					
Rental of premises[a]	—	7 088.9[a]	1 408.3	8 497.2	8 497.2
Rental of equipment[a]		82.0[a]	11.5	93.5	93.5
Operating expenses[b]		245.9[b]	25.0	270.9	270.9
External printing[b]		51.9[b]	—	51.9	51.9
Subtotal general operating expenses	—	**7 468.7**	**1 444.8**	**8 913.5**	**8 913.5**
Supplies and materials[a]	212.1	76.5[a]	(183.6)	(107.1)	105.0
Furniture and equipment[a]	51.9	106.0[a]	(106.0)		51.9
Total	**1 459.4**	**7 651.2**	**1 405.8**	**9 057.0**	**10 516.4**

[a] 2006-2007 resources previously requested under Executive direction and management and the Geneva office.
[b] 2006-2007 resources previously requested under Executive direction and management.

	Cost estimate	Variance	
Posts	$1,446.0	$250.6	21.0%

101. The estimate of $1,446,000 provides for the salaries, common staff costs and staff assessment for six continuing posts, one proposed new established General Service (Other level) posts and the reclassification of one post (1 P-3 to P-4). The variation is caused by one additional post, the reclassification of one post and the additional costs of the P-3 Budget Officer, approved in the biennium 2006-2007, costed as a continuing post.

	Cost estimate	Variance	
General operating expenses	$8,913.5	$8,913.5	—

102. A comparison of general operating expenses for the bienniums 2006-2007 and 2008-2009 is given in table 23 below and it should be noted that the estimates for 2008-2009 are based on actual expenditures, whereas for 2006-2007 such information was not available.

Rental of premises ($8,497,200)

103. The secretariat's estimate for rental of premises is predicated on its occupancy of all four floors in 1 Dag Hammarskjöld Plaza in New York that are currently occupied by the Fund as a whole.

104. The Fund occupies a commercial building and therefore is responsible for many of the costs that would usually fall under the purview of the Facilities Management Service. In this respect the Fund is responsible for costs such as real estate taxes, tenants portion of the building operating expenses, cleaning and maintenance contracts (lighting, rodent control, fire equipment, air conditioning units), electricity usage, chilled water for supplementary air conditioners, repair and maintenance of equipment, use of freight elevator outside normal hours, certain garbage removal, building passes and the tenants apportioned costs associated with any change in the New York laws with regard to commercial buildings.

105. The provision of $8,497,200 comprises rental of premises for office space in 1 Dag Hammarskjöld Plaza in New York and the Du Pont Building in Geneva ($6,214,500); real estate tax ($136,300); tenants portion of the building operating expenses ($73,500); utilities ($608,500), comprising electricity and chilled water for additional air conditioning; maintenance contracts ($364,600); spare parts and labour for breakdown, major repairs and future minor alterations ($396,900); and miscellaneous expenses ($10,300). In addition, provision is made for the presence of United Nations Security and Safety uniformed staff on the 37th floor at 1 Dag Hammarskjöld Plaza, which provides security between the hours of 8 a.m. and 6 p.m., Monday through Friday. Also, provision is made for a similar service to be provided by the Security and Safety Service at the Fund's new location in Geneva, the combined provision for both New York and Geneva amounts to $692,600 (see para. 56 of the present report). Full details of this provision are given in table 23 below. The increase in rental of premises is due to the increase in rent in accordance with the sub-lease agreement; the use of additional office space, previously occupied by IMS; the use of actual costs rather than estimates; and additional security for the Geneva office.

Rental and maintenance of equipment ($93,500)

106. The Fund leases photo copiers via the Information Technology Services Division. The increase in costs is due to the provision of one additional photo copier to be located on the 4th floor of 1 Dag Hammarskjöld Plaza.

Operating expenses ($270,900)

107. No increase is requested in the provision for freight mail and pouch services for New York ($178,400), which includes the cost of stuffing and mailing approximately 400,000 documents per biennium, miscellaneous expenses for Geneva ($25,000) and in the provision for off-site storage of documents ($67,500).

External printing ($51,900)

108. No increase is requested in the provision for external printing that covers production of booklets and fliers, and the printing of forms and envelopes ($51,900).

Table 23

General operating expenses: comparison of 2006-2007 appropriations and 2008-2009 estimates

(Thousands of United States dollars)

	Appropriation 2006-2007	*Estimate 2008-2009*	*Variance increase/(decrease)*
1. Rental of premises			
New York[a]	4 793.0	5 691.6	898.6
Geneva[b]	534.0	522.9	(11.1)
Real estate tax	—	136.3	136.3
Operating expenses	—	73.5	73.5
Utilities			
Chilled water	—	266.5	266.5
Electricity	200.3	342.0	141.7
Subtotal, utilities	**200.3**	**608.5**	**408.2**
Maintenance contracts			
Cleaning	187.3	219.4	32.1
Light maintenance	16.7	60.0	43.3
Air condition units	30.7	51.2	20.5
Fire extinguishers	5.5	4.3	(1.2)
Audio/video	29.7	11.0	(18.7)
Paper shredding/removal	21.7	13.7	(8.0)
UPS	10.4	5.0	(5.4)
Subtotal, maintenance contracts	**302.0**	**364.6**	**62.6**
Renovations			
Renovations	208.6	300.0	91.4
Minor repairs	300.4	36.9	(263.5)
Spare parts	300.5	60.0	(240.5)
Subtotal, renovations	**809.5**	**396.9**	**(412.6)**

	Appropriation 2006-2007	*Estimate 2008-2009*	*Variance increase/(decrease)*
Miscellaneous	116.3	10.3	(106.0)
Security[c]	333.8	692.6	358.8
Subtotal, rental of premises	**7 088.9**	**8 497.2**	**1 408.3**
2. Rental of equipment	**82.0**	**93.5**	**11.5**
3. Operating expenses			
Freight mail/pouch	178.4	178.4	—
Off-site storage	67.5	67.5	—
Geneva (miscellaneous)	—	25.0	25.0
Subtotal, operating expenses	**245.9**	**270.9**	**25.0**
4. External printing	**51.9**	**51.9**	—
Total, general operating expenses	**7 468.7**	**8 913.5**	**1 444.8**

[a] The 2006-2007 appropriations includes rent for the 6th floor of the Secretariat Building and 10th and 11th floors of Uganda House (both properties were vacated during the 2006-2007 biennium).

[b] The 2008-2009 reduction in rent is due to the relocation of the Geneva office.

[c] Includes additional security officers due to the relocation of the Geneva office to a commercial building.

	Cost estimate	*Variance*	
Supplies and materials	**$105.0**	**($107.1)**	**(50.5%)**

109. The decrease of $107,100 for expendable supplies and materials over the biennium 2006-2007 is due to a large reduction in requirements.

	Cost estimate	*Variance*	
Furniture and equipment	**$51.9**	—	—

110. No increase is requested in the provision of $51,900 for the acquisition of furniture and office equipment.

Annex III

Supplementary information to the budget estimates for the biennium 2008-2009: investment costs

A. Executive direction and management

Table 1
Human resource requirements

Category	*Established posts* 2006-2007	*Established posts* 2008-2009	*Temporary posts* 2006-2007	*Temporary posts* 2008-2009	*Extrabudgetary* 2006-2007	*Extrabudgetary* 2008-2009	*Total* 2006-2007	*Total* 2008-2009
Professional and above								
D-2	1	1	—	—	—	—	1	1
P-5	—	1	—	—	—	—	—	1
P-4	1	1	—	—	—	—	1	1
Subtotal	2	3	—	—	—	—	2	3
General Service								
Principal level	—	1	—	—	—	—	—	1
Other level	4	3	—	—	—	—	4	3
Subtotal	4	4	—	—	—	—	4	4
Total	6	7	—	—	—	—	6	7

Justification of new post(s)

Office of the Director

1. The staff of the Office of the Director is responsible for the provision of all administrative support functions to the Director and IMS staff covering the responsibilities associated with the IMS mandate and its workplan. In so doing, the office provides support to the entire IMS team with administrative services relating to general office administration, recruitment, human resources, official travel, preparation/forecasting budgetary and financial appropriation for the Investments Committee travel, entitlements and hospitality, etc. The preparation and presentation of all regular reports to the Investments Committee, Pension Board, Advisory Committee on Administrative and Budgetary Questions, Fifth Committee and General Assembly relating to the investments of the Fund with follow-up action on the outcome of those reports remains one of the major tasks delegated to the Office of the Director. It also coordinates and arranges the quarterly meetings of the Investments Committee held in New York and other States members of the United Nations. The office frequently liaises with the UNJSPF secretariat and other departments within the United Nations Secretariat in the day-to-day operations of IMS.

Senior Programme Officer (1 P-5)

2. The dynamic and ever-changing investment environment, including requests for further studies by the legislative bodies; i.e., Pension Board, Advisory

Committee on Administrative and Budgetary Questions and Fifth Committee, have given rise to more robust efforts on strategic planning, coordination, policy and infrastructure development. The review and monitoring of various issues and trends relating to the implementation of these mandates has taken a toll on the current IMS staff who, inter alia, are not only responsible for investing and managing the portfolio of the Fund but also perform the day-to-day activities; such as IT support, cash management, compliance and risk management, operational, budgetary and accounting support, human resource management, drafting of various reports to the Investments Committee, Pension Board, Advisory Committee on Administrative and Budgetary Questions, Fifth Committee and General Assembly. It is for this reason that a Senior Programme Officer is being requested to provide substantive support to the Director in fulfilling the multidimensional responsibilities covering the entire Fund investments, which are currently being carried out on an ad hoc basis by various IMS staff, most specifically, the Investment Officers, whose focus should be geared towards increasing investment returns. These include, but are not limited to, taking the lead in developing, implementing and evaluating assigned projects/programmes by directly reviewing all relevant documents and reports; identifying priorities, problems and issues to be addressed and proposing corrective actions; liaising with relevant parties; identifying and initiating follow-up actions. His/her pivotal role in these assigned projects will also require direct substantive research and project/programme evaluation and the presentation of gathered information from diverse sources. Supervising the preparation of various written outputs, e.g., background papers, analyses, substantial sections of reports and studies, etc.; providing substantive support to consultative and other meetings to include proposing agenda topics, identifying participants, preparing related documents and presentations, etc., will be among his/her functions. Some of the projects undertaken for the biennium 2006-2007 were the requests for proposals, evaluation of candidates and the recommendation thereof for small cap managers for United States and Europe, global custodian/master record-keeper, transition management for the indexation of North American equities, equity indexation of North American equities, asset liability management study, data warehouse, trade order management system, business continuity plan, etc.

Reclassification of one Senior Administrative Assistant post from the General Service (Other level) to the General Service (Principal level)

3. The volume and demand of various administrative support functions would increase considerably with the creation of the new post of Senior Programme Officer. The post is being requested for reclassification in order to provide assistance not only to the new Senior Programme Officer, but also to the current Administrative Officer and the Secretary of the Investments Committee entailing a multitude of functions at a higher level. The added functions would include:

(a) Assisting the Director and the Senior Programme Officer to evaluate responses to requests for proposals (four requests for proposals were completed in 2006; i.e., small cap managers for United States and Europe, indexation, asset liability management study); preparing reports following due diligence meetings for IMS procurement contracts and transitional management proceedings; assisting the Senior Programme Officer in liaising with the relevant units within the UNJSPF secretariat and other departments within the Secretariat, as well as outside consultants, investment advisers, global custodian, etc.; drafting various correspondence, including administrative/policy-related papers, undertaking research assistance to the Senior Programme Officer, attending meetings and preparing verbatim notes of the proceedings, drafting and editing reports contained in the quarterly investment reports (Blue Book);

(b) Assisting the Administrative Officer in the Galaxy administration to build vacancy announcements unique in nature to IMS job functions meeting Galaxy requirements; assisting in evaluating suitable candidates, arranging interview panels, taking part in interview panels for junior staff, attending panel proceedings and drafting panel reports; acting as alternative Programme Case Officer to update interview summaries in Galaxy, followed by recommendations for timely recruitment of Investment Management Service human resources, etc. There were about 17 vacancies completed in Galaxy this year compared to less than 5 from previous years;

(c) Assisting the Secretary of the Investments Committee in the preparation of various IMS reports to the Investments Committee, Pension Board, Advisory Committee on Administrative and Budgetary Questions, Fifth Committee and the General Assembly; preparing cost estimates for budgetary purposes on travel, hospitality, and entitlements pertaining to the Investments Committee; providing advice and guidance on United Nations entitlements, rules, regulations and procedures to newly recruited IMS staff members; supervising daily attendance reporting to the Executive Office, training and supervising three junior General Service staff in the Office of the Director.

Table 2
Financial resources requested
(Thousands of United States dollars)

Category	*2004-2005 expenditure*	*2006-2007 appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*Apportionment*		*2008-2009 estimate*
			Amount	*Percentage*			*United Nations*	*Pension Fund*	
Posts	901.8	1 335.4	224.2	16.8	1 559.6	109.4		1 669.0	1 669.0
Other staff costs	193.5	365.8	242.5	66.3	608.3	48.7		657.0	657.0
Consultants	1 013.8	1 434.0	(134.0)	(9.3)	1 300.0	84.5		1 384.5	1 384.5
Travel	563.8	1 170.1	602.7	51.5	1 772.8	115.2		1 888.0	1 888.0
Hospitality	11.7	17.4	3.3	19.0	20.7	1.3		22.0	22.0
General operating expenses	2 015.9	1 390.6	(1 390.6)	(100.0)	—	—		—	—
Supplies and materials	64.1	53.9	(53.9)	(100.0)	—	—		—	—
Total	**4 764.6**	**5 767.2**	**(505.8)**	**(8.8)**	**5 261.4**	**359.1**		**5 620.5**	**5 620.5**

Table 3
Real resource growth
(Thousands of United States dollars)

		Resource growth			
Category	*Appropriations 2006-2007*	*Apparent resource growth*	*Real resource growth*	*Total resource growth*	*Estimate before recosting 2008-2009*
Posts	1 335.4	—	224.2	224.2	1 559.6
Other staff costs					
General temporary assistance	65.6	—	—	—	65.6
Overtime	21.2	—	—	—	21.2
Training	279.0	—	242.5	242.5	521.5
Subtotal other staff costs	**365.8**	**—**	**242.5**	**242.5**	**608.3**
Consultants	1 434.0	—	(134.0)	(134.0)	1 300.0
Travel					
Travel of representatives	723.8	—	49.0	49.0	772.8
Travel of staff	446.3	—	553.7	553.7	1 000.0
Subtotal travel	**1 170.1**	**—**	**602.7**	**602.7**	**1 772.8**
Hospitality	17.4	—	3.3	3.3	20.7
General operating expenses					
Rental of premises	1 293.3	(1 293.3)	—	(1 293.3)	—
Rental of equipment	17.2	(17.2)	—	(17.2)	—
Operating expenses	59.3	(59.3)	—	(59.3)	—
External printing	20.8	(20.8)	—	(20.8)	—
Subtotal general operating expenses	**1 390.6**	**(1 390.6)**	**—**	**(1 390.6)**	**—**
Supplies and materials	53.9	(53.9)	—	(53.9)	—
Total	**5 767.2**	**(1 444.5)[a]**	**938.7**	**(505.8)**	**5 261.4**

[a] Resources which will in future be requested by programme support.

	Cost estimate	*Variance*	
Posts	**$1,559.6**	**$224.2**	**16.8%**

4. The estimate of $1,559,600 provides for the salaries, common staff costs and staff assessment for six continuing posts, the proposed one newly established post (1 P-5) and the reclassification of one post (General Service (Other level)) to General Service (Principal (level)). The variance is due to the additional posts requested.

	Cost estimate	*Variance*	
Other staff costs	**$608.3**	**$242.50**	**66.3%**

5. No increase is requested in the provision for general temporary assistance of 6 months for peak workload periods ($32,800) and for 6 months for staff on maternity and extended sick leave ($32,800) or for 450 hours of overtime ($21,200).

Provision is made in the amount of $521,500 for 125 seminars, workshops or training courses related to investments, risk and compliance, cash management, investment and accounting operations ($449,500) and 12 technical training courses, seminars and workshops related to IT ($72,000). The variance of $242,500 (see table 4) is due to the additional posts requested, which will provide more time available for training.

Table 4
Other staff costs resource requirements

(Thousands of United States dollars)

Description	*Appropriations 2006-2007*	*Estimate 2008-2009*	*Increase/(decrease)*
General temporary assistance	65.6	65.6	—
Overtime	21.2	21.2	—
Training	279.0	521.5	242.5
Total	**365.8**	**608.3**	**242.5**

	Cost estimate	*Variance*	
Consultants	$1,300.0	($134.0)	(9.3%)

6. The consultancy requirements in the amount of $1,300,000 for the 2008-2009 biennium are as described below.

Principles for Responsible Investment ($800,000)

7. Owing to the UNJSPF becoming a signatory to the Principles for Responsible Investment at its launching ceremony on 27 April 2006, significant efforts are required to ensure compliance. There are various approaches for implementation adopted by pension plan sponsors to promote such a concept. One approach is to screen the companies according to the pre-set policies and avoid investing in those companies which do not meet the criteria. Another approach is to take a so-called "investors' activism" initiative, whereby plan sponsors would actively communicate with management of those companies as shareholders in the hope that the voice would encourage enhancement of the governance. Because of the high visibility of the UNJSPF, IMS needs to carefully formulate a compliance and investment policy consistent with the principles. Consulting assistance will also be helpful during the actual implementations stage. Based on informal consulting estimates, an estimated cost of $800,000 is requested in the supplementary budget.

Consultant retainer ($500,000)

8. The rapidly changing and increasingly complex investment environment requires constant attention to new developments in the capital markets, investment vehicles, investment strategies and their implications to the Fund's investments. The Representative of the Secretary-General for the Investments of the UNJSPF and the Investment Management Service should have timely and consistent access to detailed information and expert advice on new investment industry developments. This information will provide the Fund with a basis to effectively formulate strategies and plans for the Fund's investments. It is requested that the Fund be

provided funding to maintain a consulting company on a retainer basis. The retainer will also be utilized to advise the Representative of the Secretary-General on the use of alternative asset classes and risk budgeting for the Fund's investments. The amount requested is $500,000.

	Cost estimate	*Variance*	
Travel	$1,772.8	$602.7	51.5%

9. The travel requirements in the amount of $1,772,800 for the 2008-2009 biennium are as follows:

Table 5
Travel of representatives and staff

Type of travel	*Amount (US dollars)*	*Output reference*
Travel of staff		
Governance	96 000	Visit by the Representative of the Secretary-General, Director of IMS and her staff to the United Nations Joint Staff Pension Board and one Investments Committee meeting to be held outside of New York.
Technical support (Information technology)	18 000	
Miscellaneous travel	886 000	Company visits
Subtotal travel of staff	**1 000 000**	
Travel of representatives		
Governance (Investment Committee)	772 800	Attendance at 10 meetings by the Investment Committee (8 in New York and 2 outside of New York).
Subtotal travel of representatives	**772 800**	
Total	**1 772 800**	

10. A provision of $96,000 is required for the Representative of the Secretary-General, the Director of IMS and four IMS staff to attend one Investments Committee meeting to be held outside New York and the United Nations Joint Staff Pension Board session to be held in Rome in July 2008. A provision of $886,000 is required for 113 company visits ($867,500) and 18 visits to Northern Trust, the Fund's global custodian/master record keeper, in Chicago ($18,500). In addition, a provision of $18,000 is made for 12 technical support/information technology conferences. The variance of $602,700 is due to the additional posts requested, which will allow for more time available for official travel.

11. A provision is made in the amount of $772,800 for the travel of 12 Investments Committee members to attend 10 meetings, including those with the United Nations Joint Staff Pension Board. The variance of $49,000 is due to one additional meeting with the Board.

	Cost estimate	*Variance*	
Hospitality	$20.7	$3.3	19.0%

12. A provision of $20,700 is required to meet the hospitality expenses related to 10 Investments Committee meetings.

	Cost estimate	*Variance*	
General operating expenses	—	($1 390.6)	(100.0%)

13. The negative variance of $1,390,600 is caused because in previous budget submissions resources for general operating expenses were requested under the Office of the Director whereas by the use of the results-based budgeting format, such resources are now included under programme support.

	Cost estimate	*Variance*	
Supplies and materials	—	($53.9)	(100.0%)

14. The negative variance of $53,900 is caused because in previous budget submissions resources for supplies and materials were requested under the Office of the Director whereas by the use of the results-based budgeting format, such resources are now included under programme support.

B. Programme of work

1. Investment Section

Table 6
Human resource requirements

	Established posts		*Temporary posts*		*Extrabudgetary*		*Total*	
Category	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*
Professional and above								
D-1	—	1	—	—	—	—	—	1
P-5[a]	6	7	—	—	—	—	6	7
P-4[a]	4	3	—	—	—	—	4	3
P-3	1	4	—	—	—	—	1	4
Subtotal	**11**	**15**	—	—	—	—	**11**	**15**
General Service								
Principal level	4	4	—	—	—	—	4	4
Other level	3	4	—	—	—	—	3	4
Subtotal	**7**	**8**	—	—	—	—	**7**	**8**
Total	**18**	**23**	—	—	—	—	**18**	**23**

[a] 1 P-5 was redeployed from Risk and Management Section in exchange for 1 P-4.

15. In 2005, a Chief Risk Officer post (P-5) was requested based on the Deloitte and Touche recommendation and the post was approved. At the same time, the Standing Committee requested that IMS review the Deloitte and Touche recommendations as a whole. On the other hand, request to upgrade the post of a Real Estate Investment Officer from P-4 to P-5 was not recommended by Advisory Committee on Administrative and Budgetary Questions to the Fifth Committee, though the request was supported by the Pension Board. Accordingly, at the beginning of 2006, IMS submitted documents for the post to OHRM as P-4, but was informed that the document could not be processed because the job requirement described in the documents was appropriate for P-5 not P-4. In 2006, Mercer was engaged in the review of the Deloitte and Touche recommendation, and recommended the establishment of a D-1 post of Chief, Risk and Compliance with expanded responsibility, which made it more appropriate for IMS to have a slightly more junior officer than the Chief Risk Officer post (P-5), approved previously. In the light of the above facts and circumstances, it was considered best to redeploy a Senior Risk Officer post (P-5) to a Risk Officer (P-4) and a Real Estate Investment Officer post (P-4) to a Senior Real Estate Investment Officer post (P-5) in addition to a request for a new D-1 post for risk and compliance management.

Justification of new posts

Investment Section
Chief Investments Officer (1 D-1)

16. The size of the Fund, $37 billion, as well as the rapidly changing and increasingly complex investment environment require and justify a post fully dedicated to the Fund investments and its overall investment strategies. The responsibilities of Chief Investment Officer will include the following:

(a) Ensure that portfolio management activities are executed in conformity with established United Nations regulations and the instruction of the Director; assist the Director with development of investment policy and strategy recommendations and with budget preparation; monitor and manage the activities of the Head of Equities, Fixed Income Investment Officer, and Head of Opportunistic Investments, and assess sub-adviser performance, credit and market risk; maintain reporting relationship to Director;

(b) Ensure that portfolio management activities are executed in conformity with established United Nations regulations:

(i) Maintain the overall fund objectives;

(ii) Ensure that safety, profitability, liquidity and convertibility requirements are met for the Fund;

(iii) Monitor and report on investment performance to the Investment Committee;

(iv) Monitor and report on the status of credit and market risk to the Investment Committee;

(v) Assist the Director in the development of investment policy and strategy recommendations to the Investment Committee;

(vi) Assist in the development of IMS budget;

(c) Monitor and manage the activities of the investment group managers:

(i) Review contribution to performance and confirm adherence to policy;

(ii) Review and monitor individual portfolio risk contribution;

(d) Monitor and report on sub-adviser relationships:

(i) Evaluate and report on sub-adviser performance;

(ii) Evaluate and report on relative risk contribution;

(iii) Develop recommendations for alternative advisers.

Investment Officer Asian Equities (1 P-3)

17. A new post for Investment Officer, Asian Equities (P-3) is requested to provide analytical, research and report-writing support for the Asian Equities Investment Officer. The establishment of a P-3 post in this area will help to more clearly delineate functional responsibility, as requested by the Office of Internal Oversight Services. One additional new post will permit the Asian Equities Investment Officer to delegate research and analysis in the pursuit of investment opportunities, as well as add support for the Investment Officer while the officer is travelling to research meetings. There are about 600 stocks out of 5 countries in the investment universe of Asian markets. The incumbent will help to comply with the recommendations of the Office of Internal Oversight Services and the external auditors for increased monitoring of the external discretionary small cap managers for Asia, including the replacement of any managers currently being utilized by the Fund, should the need arise. With the additional research capacity, the incumbent post will also help to comply with the request of the General Assembly for the Fund to adhere to the principles of Global Compact.

Investment Officer European Equities (1 P-3)

18. A new post for Investment Officer, European Equities (P-3) is requested to provide analytical, research and report-writing support for the European Equities Investment Officer. The establishment of a P-3 post in this area will help to more clearly delineate functional responsibility, as requested by the Office of Internal Oversight Services. One additional new post will permit the European Equities Investment Officer to delegate research and analysis in the pursuit of investment opportunities within the MSCI Europe Index of over 600 companies, as well as add support for the Investment Officer while the officer is travelling to research meetings. The incumbent will help to comply with the recommendations of the Office of Internal Oversight Services and the external auditors for increased monitoring of the external discretionary small cap managers for Europe, including the replacement of any managers currently being utilized by the Fund, should the need arise. With the additional research capacity, the incumbent post will also help to comply with the request of the General Assembly for the Fund to adhere to the principles of Global Compact.

Investment Associate Fixed Income (1 P-3)

19. The fixed-income portfolio management requests the additional post to enable internal tracking of the Bond Fund portion of the UNJSPF portfolio as it is compared to its benchmark, the Lehman Global Aggregate. In this regard the Investment Associate would monitor on a daily basis the bond funds fixed-income attributes and variances to the Lehman Global Aggregate, such as differences in holdings and allocations in currencies, duration, convexity, sectors and credit ratings. With this added responsibility, Investment Management Service would be able to internally track attributes that contribute to benchmark errors of the fixed-income portfolio, with the ability to identify specific contributors to performance across currencies and sectors. Additionally, the Fixed-Income Associate will assist in monitoring the Fund's multicurrency cash holdings and short-term investments.

Investment Assistant to Chief Investments Officer (1 General Service (Other level))

20. A new post for Investment Assistant to assist the Chief of Investments is requested to provide support to the management of the Fund's overall investment. This will include assistance in the preparation of reports, utilizing electronic-based databases, to monitor the Fund's investment, returns, risk and any additional ad hoc report deemed necessary. These reports will assist the Chief of Investments to monitor and control portfolio management activities, monitor and manage investment managers, monitor and review advisers and discretionary managers.

Table 7
Financial resources requested
(Thousands of United States dollars)

			Resource growth				*Apportionment*		
Category	*2004-2005 expenditure*	*2006-2007 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2008-2009 estimate*
Posts	3 274.2	3 773.7	1 905.0	50.3	5 678.7	345.8		6 024.5	6 024.5
Contractual services	32 838.0	34 154.6	10 373.4	30.4	44 528.0	2 894.3		47 422.3	47 422.3
Total	**36 112.2**	**37 928.3**	**12 278.4**	**32.4**	**50 206.7**	**3 240.1**		**53 446.8**	**53 446.8**

	Cost estimate	*Variance*	
Posts	**$5 678.7**	**$1 905.0**	**50.5%**

21. The estimate of $5,678,700 provides for the salaries, common staff costs and staff assessment for 18 continuing posts and the proposed 5 newly established posts (1 D-1, 3 P-3, and 1 General Service (Other level)). The variance is due to the increase in number of posts.

	Cost estimate	Variance	
Contractual services	$44 528.0	$10 373.4	30.4%

22. The provision of $44,528,000 for contractual services is made for external legal consultants ($500,000) and third-party service providers ($44,028,000), with details given in table 8 below.

Retention of external legal consultant ($500,000)

23. The Legal Fees are based on an estimated fee of $25,000 per real estate transaction, with 10 transactions anticipated per year for the two-year budget period. These expenses are required for the legal review of each private real estate transaction, and the preservation of the United Nations rights, privileges and immunities into transaction documents. The increased budget is due to the large number of private real estate transactions expected in 2008 and 2009.

Third-party service providers ($44,028,000)

24. The request for the Global Custodian is based on the contractual costs entered into by IMS in April of 2006 for a period of three years with the possibility of extension for one additional year. This contract represents a consolidation of the previous arrangement for the master record keeper and three custodial banks. This cost is significantly lower than past biennium costs.

25. Adviser fees are based on present estimates of the four contracted advisers, who are paid annual fees for advice on the equity markets of North America, Europe and Asia, global fixed-income and real estate. Savings have been factored in for the anticipated indexation of the North American equity portfolio, offset by potential additional costs of the other regional advisers as the present contracts expire on 31 December 2007, except for the Adviser for North America equity, whose contract expired on 30 May 2007 and has been renewed on a month-to-month basis until the implementation of indexation for that segment of the portfolio.

(a) *Portfolio management*: Fees for the small cap managers are paid on a quarterly basis based on the market value of the portfolios under management. Owing to the rapid growth of these markets, fees are anticipated to be substantially higher that those requested under the previous budget. These market increases are beneficial to the Fund but have proven difficult to estimate during the budget cycle for the current biennium. The funds anticipated for the remainder of the biennium 2006-2007 have exceeded the amount requested in the budget by over $4 million;

(b) *Publicly traded real estate securities*: The IMS has previously managed this sector based upon general and appropriate advice from the real estate adviser, The Townsend Group. As IMS has hired a Senior Investment Officer for real estate, it is possible for IMS to expand and enhance the management of this sector through the hiring of a specialized manager. As of 31 March 2007, the global publicly traded real estate securities portfolio totalled $271 million. This has decreased from $453 million as of 31 December 2004, owing mainly to sales and buyouts by private companies. Because of the decline, this is a good time to rebuild the Fund's position in global publicly traded real estate securities. The cost of this manager is expected to be 50 to 75 basis points per year;

(c) *Indexation*: The amount requested is the estimated amount, for a two-year period, of the estimated costs, factoring in the savings achieved by the elimination of the North American equity adviser fees;

(d) *Market data services*: The amount requested relates to electronics indexes information (benchmarks for the Fund's asset returns), major stock exchange houses fees, and the securing of electronic access to international market financial databases so as to obtain accurate information on a timely basis. The technology for obtaining investment information is constantly being upgraded; the resources requested would provide coverage for the existing systems and maintenance of equipment already purchased.

Table 8
Contractual services
(United States dollars)

Category	*Appropriations 2006-2007*	*Estimate 2008-2009*	*Variance Increase/(decrease)*
External legal consultant	**259 400**	**500 000**	**240 600**
Third-party service providers			
(a) Global custodian and advisers			
Global custodian	7 414 100	1 200 000	(6 214 100)
Advisers	13 491 400	13 349 400	(142 000)
Subtotal	**20 905 500**	**14 549 400**	**(6 356 100)**
(b) Portfolio management			
Small capitalization	10 577 200	19 665 000	9 087 800
Publicly traded real estate	—	4 100 000	4 100 000
Indexation	945 000	3 890 000	2 945 000
Subtotal	**11 522 200**	**27 655 000**	**16 132 800**
(c) Market data services	1 467 500	1 823 600	356 100
Subtotal third-party service providers	**33 895 200**	**44 028 000**	**10 132 800**
Total	**34 154 600**	**44 528 000**	**10 373 400**

2. Risk and Compliance Section

Table 9
Human resource requirements

Category	*Established posts*		*Temporary posts*		*Extrabudgetary*		*Total*	
	2006-2007	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*
Professional and above								
D-1	1	1	—	—	—	—	1	1
P-5[a]	1	—	—	—	—	—	1	—
P-4[a]	1	3	—	—	—	—	1	3
Subtotal	3	4	—	—	—	—	3	4
General Service								
Principal level	—	2	—	—	—	—	—	2
Subtotal	—	2	—	—	—	—	—	2
Total	3	6	—	—	—	—	3	6

[a] 1 P-5 was redeployed to the Investments Section in exchange for 1 P-4.

Justification of new post(s)

Legal Officer (1 P-4)

26. The amount, breadth and depth of the legal work related to the Fund investments are significant and increasing rapidly and thus, require a full-time Legal Officer. The following are the main responsibilities for the post:

(a) Prepare, in consultation with the United Nations Office of Legal Affairs, draft and review contracts for service providers, market documentation to enable IMS to appropriately engage service providers, invest in various countries, etc. The responsibility also includes preparation and review of powers of attorneys and other related legal documentation concerning Fund real estate investments;

(b) Ensure with particular emphasis on the security of Fund assets and immunities and privileges attached to them, compliance with the terms and conditions of IMS service provider contracts;

(c) Ensure that IMS transactions comply with the UNJSPF regulations and rules, the United Nations Financial Rules and Regulations, as well as General Assembly and Security Council resolutions, and advice provided by the Office of Legal Affairs;

(d) Ensure, in conjunction with the IMS Operations Sections, the recovery of withheld taxes due to the Fund by working Fund custodians and national authorities and other concerned parties.

Senior Risk and Compliance Assistants (2 General Service (Principal level))

27. The addition of the Senior Assistants is requested to cope with the expanded priority of Risk and Compliance within the Fund. The two due diligence assistants will each be assigned to the Chief Risk Officer and the Compliance Officer:

(a) *Senior Risk Assistant*. The assistant will work with the Chief Risk Officer in calculating risk and performance metrics, preparing investment and risk reports, collection, reconciliation and presentation of external manager data;

(b) *Senior Compliance Assistant*. This assistant will help the Compliance Officer in the day-to-day monitoring of investment transactions, as well as in formulating compliance reports.

Table 10
Financial resources requested
(Thousands of United States dollars)

Category	*2004-2005 expenditure*	*2006-2007 appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*Apportionment*		*2008-2009 estimate*
			Amount	*Percentage*			*United Nations*	*Pension Fund*	
Posts	—	478.2	1 060.1	221.7	1 538.3	83.0		1 621.3	1 621.3
Total	—	**478.2**	1 060.1	221.7	**1 538.3**	**83.0**		**1 621.3**	**1 621.3**

	Cost estimate	*Variance*	
Posts	$1,538.3	$1,060.1	221.7%

28. The estimate of $1,538,300 provides for the salaries, common staff costs and staff assessment for three continuing posts and the proposed three new established posts (1 P-4, 2 General Service (Principal level)). The variance is due to the increase in number of posts.

3. Operations Section

29. The Operations Section is responsible for the back-office operations and accounting of investment transactions. It works closely with the Global Custodian/Master Record Keeper to ensure that all trades are settled in a timely and accurate manner and all investment activities are properly recorded for financial statement preparation and performance reporting. The Section is also responsible for the production of daily cash projections to aid the Investment Officers in the proper management of cash. Moreover, the Operations Section maintains the IMS budget, monitoring expenditure against budget allocations and processing payments thereof.

Table 11
Human resource requirements

Category	Established posts		Temporary posts		Extrabudgetary posts		Total	
	2006-2007	2008-2009	2006-2007	2008-2009	2006-2007	2008-2009	2006-2007	2008-2009
Professional and above								
P-5	1	1	—	—	—	—	1	1
P-3	1	1	—	—	—	—	1	1
Subtotal	**2**	**2**	—	—	—	—	**2**	**2**
General Service								
Principal level	1	2	—	—	—	—	1	2
Other level	7	7	—	—	—	—	7	7
Subtotal	**8**	**9**	—	—	—	—	**8**	**9**
Total	**10**	**11**	—	—	—	—	**10**	**11**

Justification of new post(s)

Senior Operations Assistant (1 General Service (Principal level))

30. Owing to the transfer of the Fund to one bank for both custodial and master record keeper functions, increased supervisory responsibilities will be required. The additional Senior Accounting Assistant post will assist in the overall coordination with the new global custodian to assure data accuracy and reliability. As the Fund grows and the volume of transactions increases, more sophisticated reconciliation procedures will be required. This post will provide additional supervision and training of assistants. The incumbent will also be responsible for the verification of Fund activities within the more complex market assignments.

Table 12
Financial resources requested

(Thousands of United States dollars)

Category	2004-2005 expenditure	2006-2007 appropriation	Resource growth		Total before recosting	Recosting	Apportionment		2008-2009 estimate
			Amount	Percentage			United Nations	Pension Fund	
Posts	1 547.3	1 801.6	121.4	6.7	1 923.0	152.1	—	2 075.1	2 075.1
Total	**1 547.3**	**1 801.6**	121.4	6.7	**1 923.0**	**152.1**	—	**2 075.1**	**2 075.1**

	Cost estimate	*Variance*	
Posts	**$1,923.0**	**$121.4**	**6.7%**

31. The estimate of $1,923,000 provides for the salaries, common staff costs and staff assessment for 10 continuing posts and the proposed 1 new established post (1 General Service (Principal level)). The variance is due to the increase in number of posts.

C. Programme support

2. Information Systems Service

Table 13
Human resource requirements

	Established posts		*Temporary posts*		*Extrabudgetary posts*		*Total*	
Category	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*	*2006-2007*	*2008-2009*
Professional and above								
P-5	1	1	—	—	—	—	1	1
P-4[a]	2	1	—	—	—	—	2	1
Subtotal	3	2	—	—	—	—	3	2
General Service								
Other level[a]	1	—	—	—	—	—	1	—
Subtotal	1	—	—	—	—	—	1	—
Total	4	2	—	—	—	—	4	2

[a] 1 P-4 and 1 General Service (Other level) post redeployed to IMSS as part of the information technology consolidation.

32. The financial resources requested are shown in table 14 and the distribution between real resource growth and apparent resource growth (resources transferred from one section to another) in table 15.

Table 14
Financial resources requested

(Thousands of United States dollars)

Category	2004-2005 expenditure	2006-2007 appropriation	Resource growth		Total before recosting	Recosting	Apportionment		2008-2009 estimate
			Amount	*Percentage*			*United Nations*	*Pension Fund*	
Posts	387.3	1 001.1	(313.1)	(31.3)	688.0	44.6	—	732.6	732.6
Contractual services	864.3	704.8	1 978.2	280.7	2 683.0	174.4	—	2 857.4	2 857.4
General operating expenses	193.5	340.4	(40.4)	(11.9)	300.0	19.5	—	319.5	319.5
Supplies and materials	8.7	10.4	(10.4)	(100.0)	—	—	—	—	—
Furniture and equipment	291.2	3 113.4	(3 113.4)	(100.0)	—	—	—	—	—
Total	**1 745.0**	**5 170.1**	**(1 499.1)**	**(29.0)**	**3 671.0**	**238.5**	**—**	**3 909.5**	**3 909.5**

Table 15
Real resource growth

(Thousands of United States dollars)

Category	Appropriations 2006-2007	Resource growth			Estimate before recosting 2008-2009
		Apparent resource growth	*Real resource growth*	*Total resource growth*	
Posts	1 001.1	(313.1)	—	(313.1)	688.0
Contractual services	704.8	(704.8)	2 683.0	1 978.2	2 683.0
General operating expenses					
Operating expenses	340.4	—	(40.4)	(40.4)	300.0
Supplies and materials	10.4	(10.4)	—	(10.4)	—
Furniture and equipment	3 113.4	(715.0)	(2 398.4)	(3 113.4)	—
Total	**5 170.1**	**(1 743.3)**[a]	**244.2**	**(1 499.1)**	**3 671.0**

[a] Resources which will in future be requested by IMSS as part of the information technology consolidation.

33. As described in paragraph 50, section III, and in response to requests by the Pension Board (A/61/9, para. 131) and the Advisory Committee on Administrative and Budgetary Questions (A/60/7/Add.7, para. 18), the Information Systems Section has consolidated a number of functions with the IMSS. In the light of this, two posts (1 P-4, 1 General Service (Other level)) have been redeployed from the Information Systems Section to IMSS. As a result, a number of the information technology resources for IMS for the biennium 2008-2009 are therefore included in the newly combined IMSS in the programme support section of administrative costs.

	Cost estimate	Variance	
Posts	$688.0	($313.1)	31.3%

34. The estimate of $688,000 provides for the salaries, common staff costs and staff assessment for two continuing posts. The adverse variance is due to the redeployment of two posts (1 P-4, 1 General Service (Other level)) to IMSS as part of the IT consolidation.

	Cost estimate	Variance	
Contractual services	$2,683.0	$1,978.2	280.7%

35. Provision is made for the continuation of the projects commenced in the biennium 2006-2007 ($350,000, non-recurrent costs) and for the subsequent service maintenance ($2,333,000, recurrent costs) once completed. It is now common in the financial industry not to buy software or systems licences but to establish a contractual service agreement with the specialized vendors. The implementation of the projects started in the biennium 2006-2007 will continue and will be completed during the biennium 2008-2009. After the initial customizations — defined as projects — are completed, ongoing service will be maintained for each one of the customized services (maintenance). The two-year technical support and maintenance (recurrent costs) include (a) portfolio risk analysis and performance attribution system; (b) electronic order and trade management system; (c) pre- and post-trading compliance system; and (d) data warehouse consolidation management system and investment decision support system.

	Cost estimate	Variance	
General operating expenses	$300.0	($40.4)	(11.9%)

36. The amount of $300,000 refers to disaster recovery services, which provides hot-site office facilities fully equipped for the investment officers and operations staff in case of disaster and to keep business operations running.

	Cost estimate	Variance	
Supplies and materials		($10.4)	(100.0%)

37. The negative variance of $10,400 is caused because in previous budget submissions resources for supplies and materials for IT were requested under the Information Systems Section whereas because of the IT consolidation, such resources are now included under IMSS in the secretariat budget.

	Cost estimate	Variance	
Furniture and equipment		($3,113.4)	(100.0%)

38. The negative variance of $3,113,400 is due to the IT consolidation whereby furniture and equipment previously requested under the Information Systems Section is now requested in the IMSS budget.

Project to be undertaken in the 2008-2009 biennium ($350,000)

39. The projects described below are a continuation of the projects already started in the biennium 2006-2007.

Portfolio risk analysis and performance attribution systems ($80,000)

40. This project consists on the initial customization of an automated electronic service to achieve effective monitoring of investment performance and risks undertaken and promptly identifying the Fund's investment income and assets. A state-of-the-art electronic service allows the rapid and accurate handling of complex investment data and analysing of the portfolio risk, performance, and preparing regular reports for senior management and the Investment Committee. This solution assists in identifying exposure to different risk factors. The performance analysis includes attribution analysis to determine the driving forces behind investment performance of each manager, as well as returns analysis and risk statistics related to each investment manager, sector, industry, currency and region. A highly specialized investment consultant company has performed a request for information to assess what the most suitable services are that meet the asset composition of the Fund. It is estimated that the initial customization of the procured automated electronic service to measure investment risk and performance will be finalized by mid-2008. After the initial customization is completed, an ongoing service will be maintained.

Electronic order management and trading system and compliance pre-trading and post-trading system ($50,000)

41. This project consists of the implementation of a customized order management and electronic trading system. Electronic trading achieves transparency, security and control and expedites execution of all transactions. This implementation will provide a trading system with integrated compliance and risk with cross-asset class coverage, cash management and electronic trading capabilities for improved straight-through processing. This project will implement a full-featured trading system integrated with the systems supported by the master record keeper and custodian. It will significantly improve investment performance by streamlining and organizing the daily workflow. The system incorporates real-time execution; electronic liquidity connections to over 300 brokers; and financial protocols that will help IMS achieve best execution. Integrated with pre-trade and post-trade compliance module capabilities to reduce Information Management Systems exposure. The system application also provides links to accounting, custodial and virtual matching utilities to streamline downstream trade processing. The initial customization of the procured electronic service is expected to be finalized by the end of 2008. After the initial customization is completed, ongoing service will be maintained.

Compliance pre-trading and post-trading system ($20,000)

42. This project consists of the implementation of an integral module that completes the previously mentioned electronic trading system, and allows auditing and setting up more than a thousand transaction rules. This module ensures that prior to settlement all trades are validated and confirmed with the counterparty and trading and settlement instructions are understood, that all daily purchases and sales

are properly recorded and that trade status is monitored. This project will be implemented as an integral component of the electronic order management and trading system, previously described.

Financial data warehouse consolidation system ($200,000)

43. This project consists of the initial customization of an automated electronic service to implement a reconciliation financial reporting solution, which consolidates into one unique and integral database all the various financial data sources, allowing to certify data accuracy and reconciliation against the master record-keeper, which is essential for much better investment analytical processes. The independent financial consolidated service provides a centrally administered data repository for all information imported from all diverse investment data sources. It also provides sophisticated data transformation and reporting capabilities in a multi-system database environment. The Fund will be capable of easily using historical data from all data sources and be better positioned to proactively verify data and perform in-depth analysis and internal audit. The analytical features improve the performance of the management of the Fund's investments. The initial customization of the procured electronic service is expected to be finalized by the end of 2008. After the initial customization is completed, ongoing service will be maintained.

2. Administrative support

44. In order to comply with the results-based budgeting format, resources that in previous bienniums were requested under the Office of the Director are now requested under programme support so that it will more accurately reflect its role as executive direction and management. In order to accomplish this transition, a new section, Administrative support, has been created in this document.

45. The financial resources requested are shown in table 16 and the distribution between real resource growth and apparent resource growth (resources transferred from one section to another) in table 17.

Table 16
Financial resources requested
(Thousands of United States dollars)

			Resource growth				*Apportionment*		
Category	*2004-2005 expenditure*	*2006-2007 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2008-2009 estimate*
General operating expenses	—	—	5 334.1	—	5 334.1	212.8	—	5 546.9	5 546.9
Supplies and materials	—	—	95.0	—	95.0	6.2	—	101.2	101.2
Furniture and equipment	—	—	25.0	—	25.0	1.6	—	26.6	26.6
Total	—	—	**5 454.1**	—	**5 454.1**	**220.6**	—	**5 674.7**	**5 674.7**

Table 17
Real resource growth

(Thousands of United States dollars)

		Resource growth			
Category	Appropriations 2006-2007	Apparent resource growth	Real resource growth	Total resource growth	Estimate before recosting 2008-2009
General operating expenses					
Rental of premises	—	1 293.3	3 934.3	5 227.6	5 227.6
Rental of equipment	—	17.2	9.2	26.4	26.4
Operating expenses	—	59.3	—	59.3	59.3
External printing	—	20.8	—	20.8	20.8
Subtotal general operating expenses	—	**1 390.6**	**3 943.5**	**5 334.1**	**5 334.1**
Supplies and materials	—	53.9	41.1	95.0	95.0
Furniture	—	—	25.0	25.0	25.0
Total	—	**1 445.5**[a]	**4 009.6**	**5 454.1**	**5 454.1**

[a] 2006-2007 resources previously requested under executive direction and management.

	Cost estimate	Variance	
General operating expenses	$5,334.1	$5,334.1	—

46. A comparison of general operating expenses for the bienniums 2006-2007 and 2008-2009 is given in table 18 below and it should be noted that the estimates for 2008-2009 are based on actual expenditures whereas for 2006-2007 such information was not available.

Rental of premises ($5,227,600)

47. The estimate for rental of premises is based on the Fund's occupancy of one complete floor in 1 Dag Hammarskjöld Plaza. The costs for rental and renovation are based on the actual rental costs of 1 Dag Hammarskjöld Plaza and a proration of the costs incurred in renovating 1 Dag Hammarskjöld Plaza, prior to occupancy by the Fund. All other costs are interpolated from actual costs.

48. The Fund occupies a commercial building and therefore is responsible for many of the costs that would usually fall under the purview of Facilities Management Service. In this respect the Fund is responsible for costs such as real estate taxes, tenants portion of the building operating expenses, cleaning and maintenance contracts (lighting, rodent control, fire equipment, air conditioning units), electricity usage, chilled water for supplementary air conditioners, repair and maintenance of equipment, use of freight elevator out of normal hours, certain garbage removal, building passes and the tenants apportioned costs associated with any change in the New York laws with regard to commercial buildings.

Table 18
General operating expenses: comparison of 2006-2007 appropriations and 2008-2009 estimates

(Thousands of United States dollars)

	Appropriation 2006-2007	*Estimate 2008-2009*	*Variance increase/(decrease)*
1. Rental of premises			
New York[a]	937.1	2 062.4	1 125.3
Real estate tax	—	31.3	31.3
Operating expenses	—	16.8	16.8
Utilities			
Chilled water	—	44.4	44.4
Electricity	48.8	78.4	29.6
Subtotal utilities	**48.8**	**122.8**	**74.0**
Maintenance contracts			
Cleaning	45.7	50.3	4.6
Light maintenance	4.0	13.8	98
Air conditioning units	5.8	8.5	2.7
Fire extinguishers	3.5	3.3	(0.2)
Audio/video	11.8	3.1	(8.7)
Paper shredding/removal	6.3	9.1	2.8
UPS	—	5.0	5.0
Subtotal maintenance contracts	**77.1**	**93.1**	**16.0**
Renovations			
Renovations[b]	50.8	2 875.0	2 824.2
Minor repairs	73.2	8.5	(64.7)
Spare parts	73.2	13.8	(59.4)
Subtotal renovations	**197.2**	**2 897.3**	**2 700.1**
Miscellaneous	33.1	3.9	(29.2)
Subtotal rental of premises	**1 293.3**	**5 227.6**	**3 934.3**
2. Rental of equipment	17.2	26.4	9.2
3. Operating expenses			
Freight mail/pouch	59.3	59.3	—
4. External printing	20.8	20.8	—
Total general operating expenses	**1 390.6**	**5 334.1**	**3 943.5**

[a] Rental costs are for one whole floor of 1 Dag Hammarskjöld Plaza at the current rent.

[b] The 2008-2009 estimate includes renovation costs of new office space.

49. The provision of $5,227,600 comprises rental of premises ($2,062,400); real estate tax ($31,300); tenants portion of the building operating expenses ($16,800); utilities ($122,800), comprising electricity and chilled water for additional air conditioning; maintenance contracts ($93,100); spare parts and labour for breakdown, minor repairs and future minor alterations ($22,300); and miscellaneous expenses ($3,900). In addition, provision is made for the renovation and furnishing of new office space ($2,875,000).

Rental and maintenance of equipment ($26,400)

50. The Fund leases photocopiers via the Information Technology Services Division. The increase in costs is due to the provision of one additional photocopier to be located in the new office space.

Operating expenses ($59,300)

51. No increase is requested in the provision for freight mail and pouch services for New York.

External printing ($20,800)

52. No increase is requested in the provision for external printing that covers production of booklets and fliers, and the printing of forms and envelopes ($20,800).

	Cost estimate	*Variance*	
Supplies and materials	$95.0	—	—

53. A provision of $95,000 for subscriptions, books and expendable supplies and materials is requested for the biennium.

	Cost estimate	*Variance*	
Furniture and equipment	$25.0	—	—

54. A provision of $25,000 is made for the acquisition of furniture and office equipment.

Annex IV

Supplementary information to the budget estimates for the biennium 2008-2009: audit costs

Table 1
Financial resources requested
(Thousands of United States dollars)

			Resource growth				Apportionment		
Category	*2004-2005 expenditure*	*2006-2007 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2008-2009 estimate*
External audit	378.8	565.8	74.7	13.2	640.5	41.6	113.7	568.4	682.1
Internal audit	989.1	1 373.1	375.0	27.3	1 748.1	159.5	317.9	1 589.7	1 907.6
Total	**1 367.9**	**1 938.9**	**449.7**	**23.2**	**2 388.6**	**201.1**	**431.6**	**2 158.1**	**2 589.7**

A. External audit

1. The amount of $640,500 is requested by the Board of Auditors as the amount estimated to cover the costs required for external audit of the Fund as a whole. Under the cost-sharing arrangement, it is estimated that approximately one half of the external audit costs are expended on the audit of administrative costs and one half on investment operations. Of the costs apportioned to administrative operations, one third (or one sixth of the total) is borne by the United Nations.

B. Internal audit

Request and justification for increased resources

2. For the biennium 2006-2007, resources amounting to $1,240,700 were initially provided to the Office of Internal Oversight Services (OIOS) for ongoing internal audit coverage of the United Nations Joint Staff Pension Fund. An additional $132,400 was requested and approved as part of the supplementary budget, resulting in a total of $1,373,100 for the biennium.

3. The total of $1,240,700 (after recosting) provided for the continuation of general temporary assistance to fund three posts at the current levels (1 P-5, 1 P-4 and 1 General Service (Other level)) and an additional 12 months of general temporary assistance funds at the P-4 level to employ a specialist in information technology (IT) systems audit. Additionally, consultancy funds were approved to pay for expert consultant assistance to three audit projects in 2006-2007, including an audit of the Fund's actuarial methodologies and surplus/deficit calculations and an audit of the business continuity and disaster recovery planning for IT.

4. The risk assessment of UNJSPF, which was conducted by PricewaterhouseCoopers in December 2005, identified a total of 44 audit risk areas, and made recommendations for a risk-based internal audit plan for 2006 to 2008 and beyond. The distribution of the then-proposed audits was made based on the

available Office of Internal Oversight Services audit staff resources, with 8 of the audits scheduled for 2006, 6 audits for 2007, and 30 of the audits deferred to 2008 and beyond.

5. In view of the results of the risk assessment, the Office of Internal Oversight Services considered the existing staff resources inadequate to provide the necessary internal audit coverage for 2006 and 2007. Currently, the internal audit function has two Professional (1 P-5 and 1 P-4 post) and one General Service (Other level) staff, and external consultants and contractual services are used as required, to complete the programme of work. An additional P-4 Auditor post was also approved for 12 months as part of the 2006-2007 budget. As part of the supplementary budget for 2006-2007, an additional $132,400 was requested and approved to provide additional general temporary assistance funds for one P-3 Auditor for 12 months. The incumbents for the two 12-month posts (1 P-4 and 1 P-3) are being recruited.

6. OIOS continued to provide internal audit services to the administrative and investment activities of the Pension Fund, in accordance with commonly accepted industry standards for the audit of pension funds. Eight audits were carried out in 2006, and one internal audit biennial report was submitted to the Pension Board. In 2007, an estimated 11 audits, including 4 carryovers and 1 deferral from 2006, will be carried out. Pursuant to the establishment of the United Nations Joint Staff Pension Board Audit Committee, an annual (instead of biennial) report will now be submitted to the Board. A total of 14 audits (including 6 "high" and 8 "medium" risk areas) would have been audited over the 2006-2007 biennium, including the audit of governance mechanism and the audit of actuarial services, for which consultancy funds were provided. Starting in 2007, OIOS has, in order to increase overall audit coverage, embarked on a new approach by conducting horizontal audits across the Fund, including Geneva and information technology areas into the scope of each audit, as appropriate. The two ongoing audits of procurement and of global custodian and master record keeper would involve the use of travel funds.

7. The amount requested of $1,586,600, before recosting, represents an increase of $213,500 (15.5 per cent) for the biennium and is primarily associated with one P-4 and one P-3 post, which are being requested for the full period, compared to the 12 months each, in the previous biennium. The anticipated allocation of resources by the UNJSPF will ensure sustained audit coverage of its operations. In 2008, a comprehensive risk assessment will be conducted as part of the internally established three-year cycle. In order to make optimal use of the limited resources to achieve broader audit coverage, OIOS will conduct horizontal audits across the secretariat, Investment Management Service and Geneva, as appropriate, and will include IT in all audits as applicable. This approach will add more value to the audit process and will in turn enhance the Fund's ability to accomplish its overall objectives of advancing efficiency, accountability, and the establishment of cost-effective internal control mechanisms. OIOS will also seek to add more value to the process by providing advisory services as appropriate, through participation in critical projects, such as the Enterprise Resource Planning and the IT collaboration and synchronization initiatives, and by proactively following up and reporting on the status of audit recommendations.

Table 2
Financial resource requirement
(Thousands of United States dollars)

			Resource growth				Apportionment		
Category	*2004-2005 expenditure*	*2006-2007 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2008-2009 estimate*
Other staff costs	757.1	1 087.5	310.0	28.5	1 397.5	136.6	255.6	1 278.5	1 534.1
Travel	19.7	10.4	61.0	586.5	71.4	4.6	12.7	63.3	76.0
Contractual services	212.3	259.5	(9.5)	(3.7)	250.0	16.3	44.4	221.9	266.3
General operating expenses	—	9.9	11.1	112.1	21.0	1.4	3.7	18.7	22.4
Supplies and materials	—	3.5	0.7	20.0	4.2	0.3	0.8	3.7	4.5
Furniture and equipment	—	2.3	1.7	73.9	4.0	0.3	0.7	3.6	4.3
Total	**989.1**	**1 373.1**	**375.0**	**27.3**	**1 748.1**	**159.5**	**317.9**	**1 589.7**	**1 907.6**

Analysis of resource requirements

	Cost estimate	*Variance*	
Other staff costs	**$1,397.5**	**$310.0**	**28.5%**

8. Resources amounting to $1,368,600 for general temporary assistance are requested to maintain the five posts (1 P-5, 2 P-4s, 1 P-3 and 1 General Service (Other level)). The continuation of the augmented level of staff resources will enable OIOS to provide more extensive internal audit coverage aimed at enhancing the Fund's internal controls, accountability and efficiency, as well as the Fund's ability to address the challenges and achieve the objectives, as set out in its management charter. During the biennium 2008-2009, the resources would be utilized to provide extensive internal oversight to ensure its accomplishment in the most cost-effective and efficient manner.

9. The amount of $28,900 is proposed for training courses for Pension Fund audit staff in keeping with the standards of the Institute of Internal Auditors.

	Cost estimate	*Variance*	
Travel	**$71.4**	**$61.0**	**586.5%**

10. The provision will cover training-related travel. The increase is due partly to the proposed increase in the number of staff and partly to the higher number of anticipated audit trips to Geneva as a result of more horizontal audits.

	Cost estimate	*Variance*	
Contractual services	**$250.0**	**($9.5)**	**(3.7%)**

11. The provision relates to outside expertise required by the Internal Audit Division as described below.

Comprehensive risk assessment of the operations of the Fund in 2008 — $175,500

12. This amount will be utilized for a consultant to carry out the comprehensive risk assessment of the operations of the Fund in 2008. The objective is to update the risk assessment that was conducted in 2005, based on the established three-year cycle. During intervening years, Internal Audit Division updates the risk ratings as part of its annual audit planning process. Since the last comprehensive assessment, there has been a change in all staff dedicated to conducting Pension Fund audits.

13. The assessment will take place in the last quarter of 2008, which will cover the three-year (2009-2012) audit plan, in order to ensure that the plan is risk-based and that audit resources are allocated accordingly.

14. The consultant shall deliver, within the specified time frame of not more than four weeks, a comprehensive report outlining the results of the assessment, which would be a source of reference of both the internal audit function as well as the UNJSPF management as it seeks to implement its enterprise-wide risk management framework.

Assistance to Information Technology audits — $75,000

15. This amount will be used to provide the specialized input to support the internal audit IT staff resources; this would supplement the P-4 IT Auditor post, the recruitment for which will be finalized by July 2007. Based on the 2005 risk assessment, OIOS has planned a number of medium to high risk IT audits for 2008/09, including the audit of Pensys, audit of data integration with other organizations, audit of Lawson and the audit of document imaging.

16. The outcome of these IT audit assignments would enable OIOS to provide some assurance on the effectiveness and efficiency of the critical systems used with the Fund's IT framework to provide support to its operations.

	Cost estimate	*Variance*	
General operating expenses	$21.0	$11.1	112.1%

17. The amount of $21,000 covers communications ($8,400), maintenance of equipment ($4,200) and operating expenses ($8,400). The level of resources is based on expenditure pattern as well, taking into consideration the proposed new posts.

	Cost estimate	*Variance*	
Supplies and materials	$4.2	$0.7	20.0%

18. The amount relates to the cost of office supplies, based on expenditure pattern.

	Cost estimate	*Variance*	
Furniture and equipment	$4.0	$1.7	73.9%

19. The amount provides for the replacement of existing office automation equipment and the purchase of additional equipment required for the proposed new posts.

Annex V

Discussions in the United Nations Joint Staff Pension Board on the revised budget estimates for the biennium 2006-2007 and on the budget estimate for the biennium 2008-2009

Administrative matters (item 10)

1. The Board considered the revised budget estimates for the biennium 2006-2007, as reflected in the performance report submission made by the Secretary/Chief Executive Officer and the proposed budget for the biennium 2008-2009.

2. The Board decided to form an ad hoc working group composed of two members from each of the constituent groups and two representatives from FAFICS to review the revised budget estimate for the biennium 2006-2007 and the proposed budget estimate for the biennium 2008-2009 and to make recommendations to the Board.

(a) Revised budget estimates for the biennium 2006-2007

3. The working group reviewed the revisions to the budget for the biennium 2006-2007 that reflect an overall decrease of $3,804,700 compared to the approved appropriations.

4. The working group welcomed the significant savings of over $5.6 million in the global custodian contractual services resulting from the consolidation of contracts.

5. The working group also noted the considerable underexpenditure in the IT projects supporting the Investment Management Service. The Director of IMS assured the working group that most of the IT initiatives are on track for implementation in late 2007 and 2008.

6. The working group noted with concern that tax reimbursements for UNJSPF staff are currently charged to the resources of the Pension Fund's approved budget. The working group recommended to the Board that it request General Assembly approval, effective with the budget for 2006-2007, for reimbursements to be charged to the Tax Equalization Fund maintained by the Secretary-General in respect of United Nations General Fund activities.

7. The working group recommended the approval of a reduction in the revised appropriations by $6,127,800 ($3,804,700 plus the adjustment for the amounts discussed in the preceding paragraph) in the revised estimates for the biennium 2006-2007 and approval of the revised estimate amounting to $144,000 for extrabudgetary resources. The working group noted that the savings from vacancies have been used to offset higher expenditures elsewhere.

Recommendations of the Board

8. **The Board recommended a revised appropriation for the biennium 2006-2007 of $104,537,700 for administrative costs ($56,032,000), investment costs ($46,566,800) and audit costs ($1,938,900). Of this amount, $88,297,600 is chargeable to the principal of the Fund and $16,240,100 is the share borne by**

the United Nations under the cost-sharing arrangement. In addition, the Board recommended a revised appropriation amounting to $144,100 for extrabudgetary costs and funded by member organizations.

9. **The Board further recommended that the General Assembly approve, effective with the budget for 2006-2007, tax reimbursements for UNJSPF staff being charged to the Tax Equalization Fund maintained by the Secretary-General in respect of United Nations General Fund activities.**

(b) Budget estimates for the biennium 2008-2009

10. The Pension Board had before it the proposed budget estimates submitted by the Secretary/Chief Executive Officer for the biennium 2008-2009 providing for expenditures of $158,228,600, as compared with a total of $110,665,500 for the biennium 2006-2007. The budget submission was presented in gross terms, including the United Nations cost-sharing, and, for further clarity of each category of expenditure, the provision was apportioned between the Fund and the United Nations under the cost-sharing arrangement. The resources requested by the Secretary/Chief Executive Officer for the biennium 2008-2009 comprise $82,234,600 for administrative costs, $73,341,600 for investment costs, $2,589,700 for audit costs and $62,700 for Board expenses. Of this amount, $20,293,100 is attributable to the United Nations under the cost-sharing arrangement. In addition, the estimates provide for extrabudgetary costs in the amount of $153,600 for after-service health insurance.

11. The Secretary/Chief Executive Officer introduced the document and addressed each of the three main components of the budget, namely, administrative, investments and audit costs. With regard to administrative costs, the request for additional resources relates primarily to the request for 22 additional established posts, 7 additional temporary posts and 4 reclassifications. The request to convert three temporary posts to established posts would be done at no cost. Resources were also requested for additional office space due to the increase in staff. These requests were based on a continuing growth in both participants and periodic benefits in payment.

12. Under investment costs, the Secretary/Chief Executive Officer noted, in particular, the additional resources that were requested for 14 additional posts and the reclassification of 1 post. Additional non-post resources were requested for third-party service providers and additional office space.

13. In addition, the Secretary/Chief Executive Officer informed the Board that partial consolidation of the secretariat and Investment Management Service IT services will occur in the biennium 2008-2009.

14. The provision under audit costs reflects an increase for the Board of Auditors and also an increase for the Office of Internal Oversight Services for additional general temporary assistance.

15. The Secretary/Chief Executive Officer also informed the Board that provision had been made for Board expenses, as approved by the General Assembly in resolution 61/240. As in previous years extrabudgetary resources for after-service health insurance, funded by member organizations participating in the scheme, are also requested.

General comments

16. The working group reviewed the budget proposal of the Fund, which amounts to a request for $149,088,200 (before recosting) for the biennium 2008-2009 consisting of $77,651,300 (administrative costs), $68,989,400 (investment costs) and $2,388,600 (audit costs) and $58,900 (Board expenses). It noted that in response to the comments expressed by the Board in its review of the budget estimates for the biennium 2006-2007, the present budget proposals include information on related recurrent and non-recurrent costs. The level of non-recurrent costs contained in the budget proposal amounts to $16.2 million.

Resources overview

(Thousands of United States dollars)

	Budget (2006-2007)	*Proposed budget (2008-2009)*	*Increase (2008-2009)*	*Recosting*	*Recosted increase*
Administration	57 581	77 651	20 070	4 583	24 653
Investments	51 145	68 989	17 844	4 352	22 196
Audit	1 939	2 389	450	201	651
Pension Board	—	59	59	4	63

17. The working group welcomed the changes and improvements made in the presentation of the budget, including the introduction for the first time of the results-based framework. The Group appreciated the first steps taken and trusts that progress will continue to be made to further refine the performance measures, particularly the qualitative elements.

18. The working group was of the view that the present budget as modified would enable the Fund to fully carry out its programme of work. Nevertheless, the working group also recommended that the Board consider providing guidance to the Fund in the off-budget years as to the appropriate priorities for formulating subsequent budget proposals.

19. The working group noted the request for an overall increase of 43 posts, 5 reclassifications and 3 conversions of posts from temporary to established. The working group noted that in successive years, there has been a tendency to request progressive post changes within and outside the budget cycle with minimal justification in terms, for example, of workload, functional need and organizational structure. It was felt that this did not afford adequate budget discipline by the Fund and that it was an opportune moment to consider a more strategic approach to the human resource requirements of the Fund. Accordingly, the working group proposed that the Chief Executive Officer of the Fund and the Representative of the Secretary-General for investments undertake an overall review of the staffing and organizational structure in their respective areas, including drawing on relevant industry benchmarks and best practice and report on the results of the review to the Board at its fifty-fifth session. The report, which should be presented as a medium-term human resources plan (four to six years) framework, would obviate the need for piecemeal discussion of staffing needs during each budget submission.

20. Acknowledging that the current requests are generally based on higher transaction demands on existing staff owing to predictable investment growth and an increase in the number of participants, the plan should provide for different business evolution scenarios adapting the staffing needs accordingly.

21. As part of this planning effort, the working group recommended that an expert on organizational design be brought in to provide guidance with establishing the human resources plan and to look at the best integration of placement of new posts approved. In addition, the expert should advise on some of the overlapping responsibilities raised with regard to the reclassification of the post of Director of Operations to the D-2 level.

Administrative costs (exclusive of information technology)

22. The working group supported the posts requested for Administration as set out below. However, the posts/actions listed below are deferred pending consideration of a human resources plan as recommended above:

P-5: Senior Policy and Analysis Officer

P-3: Librarian/Knowledge Management Officer

D-1 to D-2 reclassification: Director of Operations

D-1: Chief, Pension Entitlements and Client Services

P-5 to D-1 reclassification: Chief, Financial and Accounting Services

P-3: Accountant

D-1: Chief Legal Officer — recommended at the P-5 level.

23. *Facilities (Geneva).* The group noted that the Fund is planning to move its offices in Geneva from the Palais des Nations. Although the Fund went through all the normal processes in arranging for this space, the working group recommended that the Chief Executive Officer provide justification to the Board, including costs. Even though the rent appears to be lower in this new location, the Fund may be incurring significant costs for security and other items.

24. *Facilities (New York).* On inquiry the secretariat indicated that the rental of additional space had not been fully researched and the amounts budgeted were uncertain. Accordingly, the working group trusts that the secretariat would ensure the most optimal use of its existing space and make the necessary economies in locating additional space.

25. The working group noted with concern the significant increase in the contractual services, especially the increase of approximately $6 million in the ICC-related service costs. The working group would expect that the secretariat will enter into a series of service-level agreements with the ICC. The working group requested the secretariat to report back to the Board at the fifty-fifth session on the cost-effectiveness of the use of ICC.

26. In relation to furniture and equipment, in view of the lack of information and significant underspending in the current biennium, the working group recommended an appropriation of $4,189,000. All other non-post resources, exclusive of IT, are recommended.

Information technology

27. The working group commended the secretariat for the consolidation of IT resources proposed in the budget for the biennium 2008-2009. The Group also commended the Fund for being cautious in its approach to the proposed migration to an ERP from the legacy Lawson system. Management confirmed the urgent need for this migration. Unfortunately, the approach being proposed is extending the timeline of the ultimate implementation of the ERP and adding significant costs to the organization.

28. By delaying the implementation of the ERP to 2010 (see para. 29 of the present report), the Fund will be forced to spend over $2.0 million on an upgrade to the Lawson system, which will be used for a maximum of three years. Further, the Fund will spend over $700,000 in 2007 to prepare for the ERP. Lastly, at the same time as the Fund is proposing to spend over $2 million in support of the Lawson system, the Fund is also asking for 10 new IT posts in support of the ERP for 2008 when the project will not be started until 2009.

29. The working group therefore recommended that the Fund continue with the Lawson upgrade as planned but all new ERP-related IT costs ($1.9 million to process documentation and redesign initiatives projects) and that the establishment of all new IT posts be deferred (see para. 22 above) until the 2008 session of the Board when a full ERP implementation strategy, including a budget and project plan will be presented. All other non-post resources are recommended.

Investment costs

30. The working group noted with regret that the posts approved for the biennium 2006-2007 remain largely unfilled. It is recalled that the Board had drawn attention to the delays in filling the posts and would stress the need to ensure greater progress to ensure that the IMS operates optimally.

31. The working group supported the posts requested for administration as set out. However, the posts/actions listed below are deferred pending consideration of a human resources plan as recommended above:

G-6: Operations Assistant

P-4: Finance Officer

G-5: Investment Assistant-Fixed Income

G-4: Administrative Assistant (Risk and Compliance).

32. With regard to the regularization of the redeployment of the P-5 post in the Risk and Compliance Section to the Investments Section in exchange for a P-4 post, it is recalled that the P-5 post was approved by the General Assembly during the biennium 2006-2007 for the Chief of the Risk and Compliance Section. Based on the explanations provided by the representative of the Investment Management Service, with particular reference to the results of consultant studies undertaken in 2005 and 2006 regarding the immediate need to strengthen the Investments Section, the working group supported the redeployments. The working group however, stressed the need to recruit expeditiously the remaining posts in the Risk and Compliance Section.

33. The requests for non-post resources were accepted in full, with the exception of the following:

(a) The amount of $1,500,000 was requested for consultants. In the light of the Board's earlier decisions during this session regarding the frequency of the asset liability management follow-up, $200,000 would no longer be required. The working group therefore recommended a provision of $1,300,000 for consultants for the biennium 2008-2009.

(b) The working group noted the substantial increase in the request for travel of representatives and staff and proposes the amount of $1 million for travel of staff, i.e., a total of $1,772,800 for this item (travel of representatives and staff) for the biennium.

34. The working group noted that the indexation costs reflected for the biennium still partly relate to active management of the North American Equity Portfolio. The Director of IMS stated that the differences between the cost estimates provided to the General Assembly and the current budget submission were related to the timing of the indexation. She stated that the reasons principally relate to the planned timing of the indexation.

Audit costs

35. The working group supported the request of resources for Internal Audit ($1,748,100). The working group stressed, however, the need for the internal audit function to provide full value for these resources by, among other things, ensuring timely completion of its audit reports and providing a permanent presence in the offices of the Fund.

36. In approving the request for External Audit ($640,500), the working group recalled the observation of the Audit Committee to the Pension Board that as a representative of the Board of Auditors was not available at the 2nd meeting, the Committee was not in a position to make informed conclusions on the cost of the external audit without examining its workplan. The working group concurred with the observation of the Audit Committee that regular interaction with the Board of Auditors is critical and with the expectation that a representative from the Board of Auditors will attend future meetings of the Committee.

37. The budget item for travel for members of the Audit Committee was adjusted in the light of the decision taken by the Board on the Audit Committee report.

Contingency fund

38. In section IV of the proposed budget for 2008-2009, the Fund requests an appropriation in the amount of $12.4 million for a contingency fund that would be spent for disaster recovery and business continuity in the event of a disaster. The amount is intended to cover the costs of establishing a temporary office to monitor investments and routing other critical activities to the Fund's Geneva office. The contingency fund request is based on a recommendation made by the internal auditors.

39. On further inquiry, the working group learned that the Fund did not intend to request an appropriation; rather it sought authorization to spend up to $12.4 million should it be necessary. In addition, the working group learned that the requested

amount was a rough estimate equal to three months of the Fund's administrative costs and was not based on the costs of a detailed plan for disaster recovery and business continuity.

40. While the working group saw merit in the concept of a disaster recovery and business continuity plan, it concluded that in view of insufficient information on funding needs, it would not be in a position to support the request. The working group therefore recommended that the Chief Executive Officer, in accordance with the Board's decision provide the Board at its next session with the full plan and the modalities for the use of such a fund. Should such a fund be created, the working group recommended that it be named Fund for Disaster Recovery and Business Continuity, to avoid confusion with other types of contingency funds in the United Nations system.

Pension Board expenses

41. The working group fully supported the resources requested for Board expenses.

Extrabudgetary funding

42. The working group supported the resources for one General Service (Other level) staff to be funded by member organizations participating in the scheme.

Recommendations of the Board

43. **Based on the recommendations of the working group, the Pension Board approved, for submission to the General Assembly, the proposed budget estimates amounting to $150,995,100, comprising administrative costs ($75,994,800), investment costs ($72,347,900), audit costs ($2,589,700) and Board expenses ($62,700). The proposed amount of the estimates would be apportioned: $131,996,500 to the Fund and $18,998,600 to the United Nations under the cost-sharing agreement. In addition, the Board approved resources amounting to $153,600 from extrabudgetary funding for the processing of after-service health insurance premium payments.**

Table 3
Summary of post requirements: recommendations of the Board

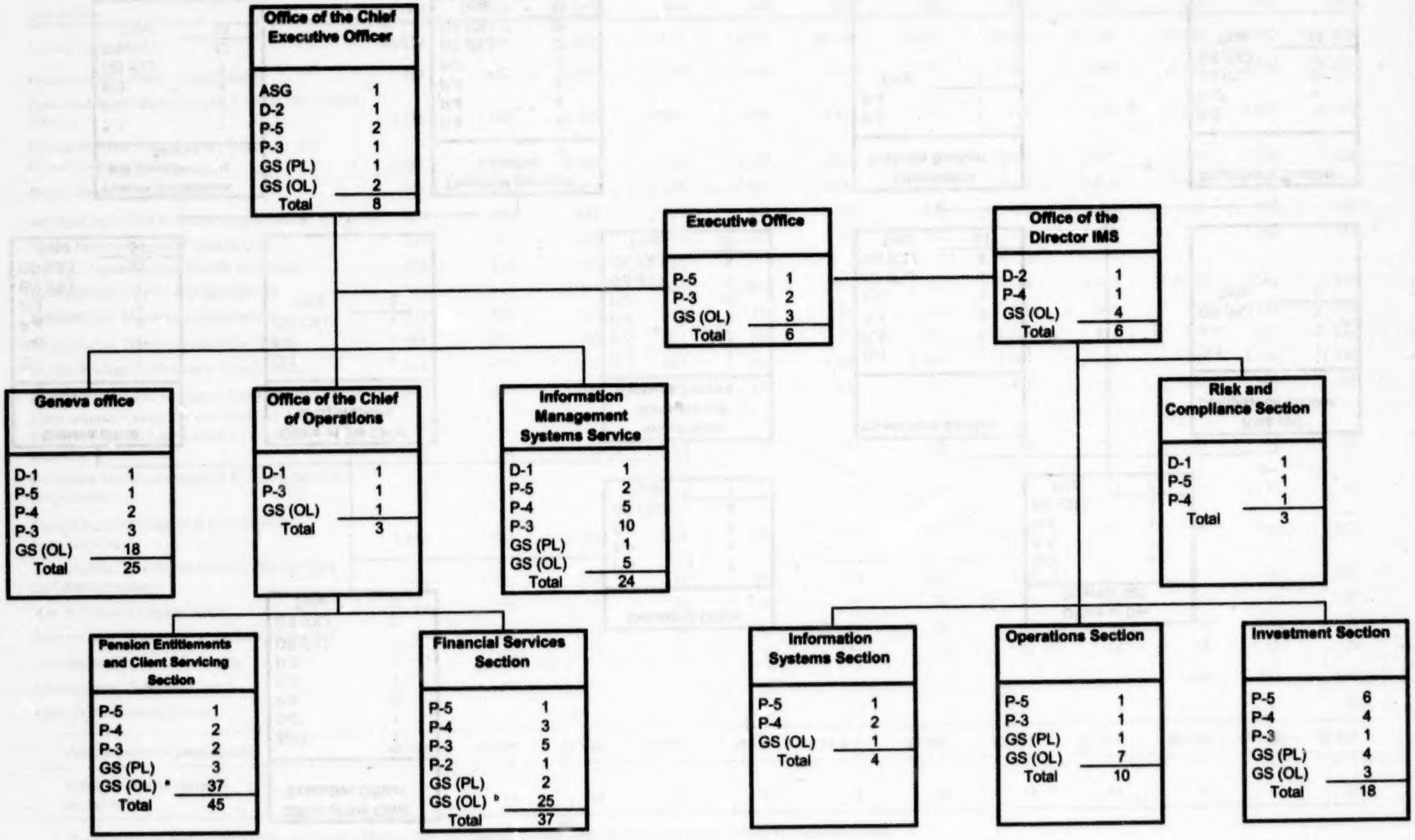
Section	*Action*	*Post*	*Number of posts*	*Category*	*Remarks*
Administration					
Executive direction and management					
Office of the Chief Executive Officer					
Legal Office	New post	Chief, Legal Office	1	D-1	Recommended at P-5 level
Policy and Analysis	New post	Senior Policy and Analysis Officer	1	P-5	Deferred
	New post	Policy Analysis Officer	1	P-4	Recommended
Programme of work					
Operations					
Office of the Director	Reclassification	Director of Operations	1	D-1 to D-2	Deferred
	New post	Librarian/Knowledge Management Officer	1	P-3	Deferred
Pension Entitlements and Client Services	New post	Chief, Pension Entitlements and Client Services	1	D-1	Deferred
	New post	Benefits Officer	1	P-3	Recommended
	New post	Client Services Officer	1	P-3	Recommended
	New post	Client Services Assistant	2	General Service (Other level)	Recommended
	New post	Records Assistant	1	General Service (Other level)	Recommended
	Conversion from temporary to established posts	Benefits Assistant	3	General Service (Other level)	Recommended
Financial and Accounting Service	Reclassification	Chief, Financial and Accounting Service	1	P-5 to D-1	Deferred
	New post	Business Analyst	1	P-4	Recommended
	New post	Accountant	1	P-3	Deferred
Geneva office	New post	Chief, Client Servicing and Records Management Unit	1	P-4	Recommended
	New post	Senior Benefits Assistant	1	General Service (Principal level)	Recommended
	New post	Records Maintenance Unit Administrative Clerk	1	General Service (Other level)	Recommended
	New post	Finance Assistant	1	General Service (Other level)	Recommended
	New post	Benefits Assistant	2	General Service (Other level)	Recommended

Section	Action	Post	Number of posts	Category	Remarks
Programme support					
Information Management Systems Service	New post	Information Systems Officer — Data Centre Manager	1	P-4	Deferred
	New post	Information Systems Officer — Production Control and Quality Assurance	1	P-4	Deferred
	New post	Information Security Analyst	1	P-3	Deferred
	Reclassification	Computer Information Systems Assistant	1	General Service (Other level) to General Service (Principal level)	Deferred
	Temporary post	Information Systems Officer — Network Administrator	1	P-3	Deferred
	Temporary post	Information Systems Analyst — Enterprise JAVA/UNIX Administrator	1	P-3	Deferred
	Temporary post	Programmer Analyst — Pension Payments	1	P-3	Deferred
	Temporary post	Programmer Analyst — Accounting and Bank Interface	1	P-3	Deferred
	Temporary post	Information Systems Assistant	1	General Service (Other level)	Deferred
	Temporary post	Computer Administrator	2	General Service (Other level)	Deferred
Executive Office	Reclassification	Administrative Officer	1	P-3 to P-4	Recommended
	New post	Facilities Management Assistant	1	General Service (Other level)	Recommended
Investment **Executive direction and management**					
Office of the Director	New post	Senior Programme Officer	1	P-5	Recommended
	Reclassification	Senior Administrative Assistant	1	General Service (Other level) to General Service (Principal level)	Recommended
Programme of work					
Investments	New post	Chief Investments Officer	1	D-1	Recommended
	New post	Investment Officer — Asian Equities	1	P-3	Recommended

Section	*Action*	*Post*	*Number of posts*	*Category*	*Remarks*
	New post	Investment Officer — European Equities	1	P-3	Recommended
	New post	Investment Officer — Fixed Income	1	P-3	Recommended
	New post	Investment Assistant — Fixed Income	1	General Service (Other level)	Deferred
	New post	Investment Assistant — to Chief Investments Officer	1	General Service (Other level)	Recommended
Risk and Compliance	New post	Legal Officer	1	P-4	Recommended
	New post	Senior Risk Assistant	1	General Service (Principal level)	Recommended
	New post	Senior Compliance Assistant	1	General Service (Principal level)	Recommended
	New post	Administrative Assistant	1	General Service (Other level)	Deferred
Operations	New post	Finance Officer	1	P-4	Deferred
	New post	Senior Operations Assistant	1	General Service (Principal level)	Recommended
	New post	Operations Assistant	1	General Service (Other level)	Deferred

Annex VI

United Nations Joint Staff Pension Fund: organization chart for the biennium 2006-2007


Office of the Chief Executive Officer
ASG 1
D-2 1
P-5 2
P-3 1
GS (PL) 1
GS (OL) 2
Total 8
Executive Office
P-5 1
P-3 2
GS (OL) 3
Total 6
Office of the Director IMS
D-2 1
P-4 1
GS (OL) 4
Total 6
Geneva office
D-1 1
P-5 1
P-4 2
P-3 3
GS (OL) 18
Total 25
Office of the Chief of Operations
D-1 1
P-3 1
GS (OL) 1
Total 3
Information Management Systems Service
D-1 1
P-5 2
P-4 5
P-3 10
GS (PL) 1
GS (OL) 5
Total 24
Risk and Compliance Section
D-1 1
P-5 1
P-4 1
Total 3
Pension Entitlements and Client Servicing Section
P-5 1
P-4 2
P-3 2
GS (PL) 3
GS (OL) a 37
Total 45
Financial Services Section
P-5 1
P-4 3
P-3 5
P-2 1
GS (PL) 2
GS (OL) b 25
Total 37
Information Systems Section
P-5 1
P-4 2
GS (OL) 1
Total 4
Operations Section
P-5 1
P-3 1
GS (PL) 1
GS (OL) 7
Total 10
Investment Section
P-5 6
P-4 4
P-3 1
GS (PL) 4
GS (OL) 3
Total 18

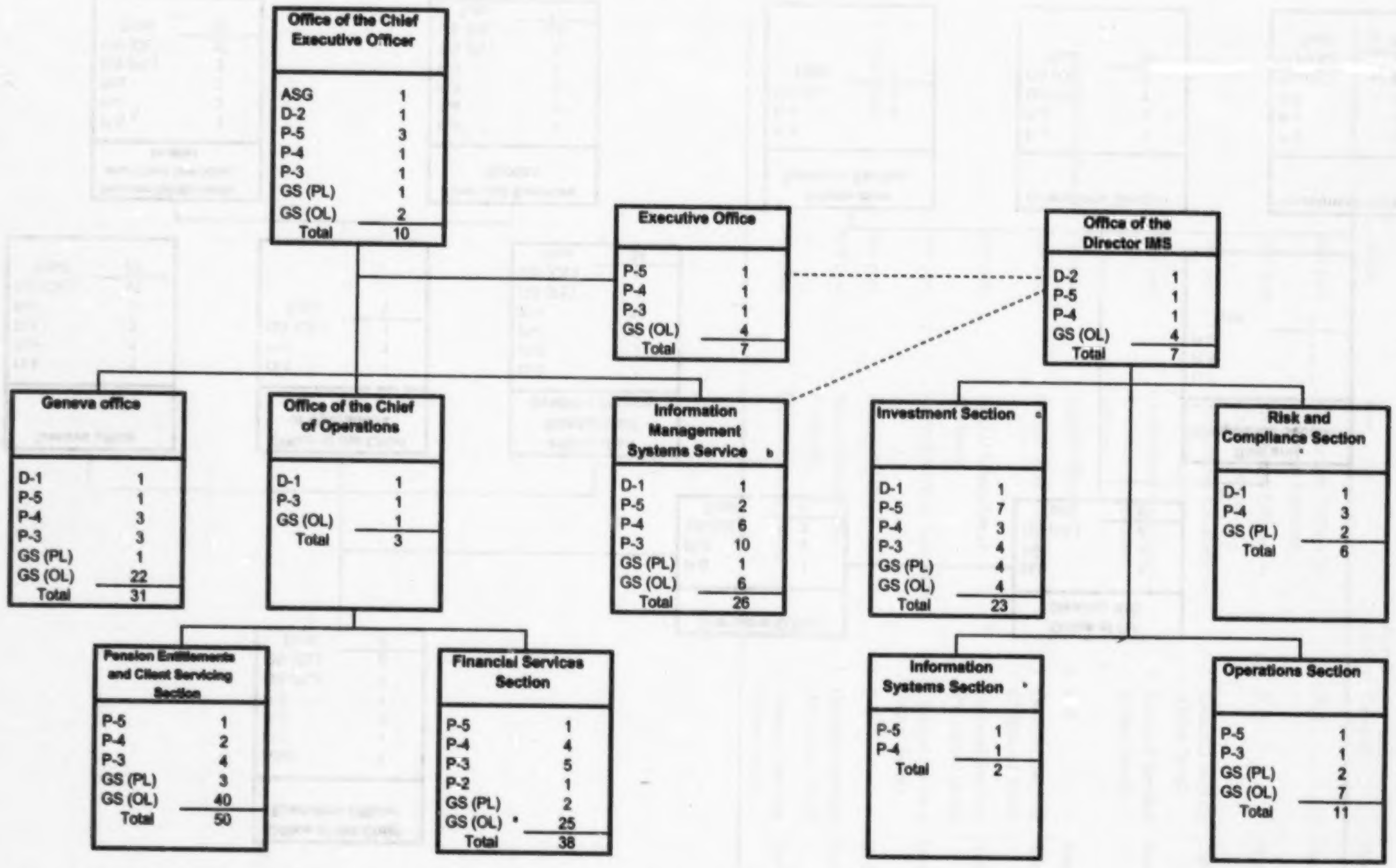
Abbreviations: GS (PL), General Service (Principle level); GS (OL), General Service (Other level)

[a] Includes three temporary posts.

[b] One extrabudgetary General Service post is funded by member organizations.

Annex VII

United Nations Joint Staff Pension Fund: proposed organization chart for the biennium 2008-2009


Office of the Chief Executive Officer
ASG 1
D-2 1
P-5 3
P-4 1
P-3 1
GS (PL) 1
GS (OL) 2
Total 10
Executive Office
P-5 1
P-4 1
P-3 1
GS (OL) 4
Total 7
Office of the Director IMS
D-2 1
P-5 1
P-4 1
GS (OL) 4
Total 7
Geneva office
D-1 1
P-5 1
P-4 3
P-3 3
GS (PL) 1
GS (OL) 22
Total 31
Office of the Chief of Operations
D-1 1
P-3 1
GS (OL) 1
Total 3
Information Management Systems Service b
D-1 1
P-5 2
P-4 6
P-3 10
GS (PL) 1
GS (OL) 6
Total 26
Investment Section c
D-1 1
P-5 7
P-4 3
P-3 4
GS (PL) 4
GS (OL) 4
Total 23
Risk and Compliance Section
D-1 1
P-4 3
GS (PL) 2
Total 6
Pension Entitlements and Client Servicing Section
P-5 1
P-4 2
P-3 4
GS (PL) 3
GS (OL) 40
Total 50
Financial Services Section
P-5 1
P-4 4
P-3 5
P-2 1
GS (PL) 2
GS (OL) a 25
Total 38
Information Systems Section a
P-5 1
P-4 1
Total 2
Operations Section
P-5 1
P-3 1
GS (PL) 2
GS (OL) 7
Total 11

Abbreviations: GS (PL), General Service (Principle level); GS (OL), General Service (Other level).

[a] One extrabudgetary General Service post is funded by member organizations.

[b] Two posts (1 P-4, 1 GS (OL)) redeployed from Informations Systems Section, IMS.

[c] One P-5 in Risk and Compliance Section redeployed to Investments Section in exchange for one P-4.

Annex VIII

Member organizations as at 31 December 2006

Organization	Number of participants 1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
United Nations	44 059	43 869	43 864	43 751	44 958	50 126	54 953	56 287	57 541	59 542	64 092	68 855
International Labour Organization	2 823	2 632	2 599	2 620	2 612	2 650	2 747	2 863	3 044	3 221	3 330	3 261
Food and Agriculture Organization of the United Nations	5 735	5 540	5 435	5 387	5 340	5 315	5 344	5 447	5 648	5 822	5 918	5 774
United Nations Educational, Scientific and Cultural Organization	2 561	2 667	2 588	2 650	2 629	2 452	2 414	2 437	2 517	2 528	2 508	2 469
World Health Organization	6 125	5 965	5 935	6 180	6 409	6 817	7 375	8 181	8 966	9 498	9 932	10 072
International Civil Aviation Organization	820	826	852	852	841	867	873	883	863	863	826	806
World Meteorological Organization	333	316	312	314	327	329	322	310	303	287	302	334
General Agreement on Tariffs and Trade[a]	476	538	529	542	7	4	3	1	-	-	-	-
International Atomic Energy Agency	2 146	2 057	2 053	2 075	2 068	2 076	2 125	2 168	2 207	2 217	2 261	2 278
International Maritime Organization	315	324	323	310	315	325	330	340	344	351	343	338
International Telecommunication Union	908	885	905	921	965	953	967	1 006	971	875	871	854
World Intellectual Property Organization	611	672	712	807	955	1 033	1 106	1 189	1 240	1 206	1 166	1 130
International Fund for Agricultural Development	302	295	298	332	338	344	383	435	462	488	506	502
International Centre for the Study of the Preservation and Restoration of Cultural Property	29	31	29	32	35	37	33	36	34	39	39	40
European and Mediterranean Plant Protection Organization	10	11	11	12	12	12	12	11	11	11	11	12
United Nations Industrial Development Organization	1 455	1 163	1 064	921	851	810	813	821	786	791	783	753
International Centre for Genetic Engineering and Biotechnology	n/a	136	138	141	142	145	145	150	152	162	171	173
World Tourism Organization	n/a	70	72	74	78	79	79	83	88	95	90	99
International Tribunal for the Law of the Sea	n/a	n/a	18	20	25	27	30	33	34	34	36	36
International Seabed Authority	n/a	n/a	3	30	28	31	28	34	34	28	30	29
International Criminal Court[b]	-	-	-	-	-	-	-	-	-	298	431	578
Inter-Parliamentary Union	-	-	-	-	-	-	-	-	-	-	37	40
Total number of participants	**68 708**	**67 997**	**67 740**	**67 971**	**68 935**	**74 432**	**80 082**	**82 715**	**85 245**	**88 356**	**93 683**	**98 433**
Total number of member organizations	**16**	**18**	**20**	**20**	**19**	**19**	**19**	**19**	**19**	**20**	**21**	**21**

[a] The General Agreement on Tariffs and Trade withdrew from the United Nations Joint Staff Pension Fund as from 31 December 1998.

[b] The International Criminal Court became the twentieth member organization of the Fund with effect from 1 January 2004.

Annex IX

United Nations Joint Staff Pension Fund: Fund statistics, 31 December 1995-2006

	1995	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*
Number of participants	68 708	67 997	67 740	67 971	68 935	74 432	80 082	82 715	85 245	88 356	93 683	98 433
Number of beneficiaries	38 914	41 433	43 149	44 633	46 199	48 069	49 416	51 028	52 496	53 879	55 140	56 718
Subtotal	**107 622**	**109 430**	**110 889**	**112 604**	**115 134**	**122 501**	**129 498**	**133 743**	**137 741**	**142 235**	**148 823**	**155 151**
Ratio (participants: beneficiaries)	1.8:1	1.6:1	1.6:1	1.5:1	1.5:1	1.5:1	1.6:1	1.6:1	1.6:1	1.6:1	1.7:1	1.7:1
(Thousands of United States dollars)												
Employee contributions	260 032	264 955	263 027	267 907	272 834	285 314	310 247	337 544	379 532	413 615	459 156	488 360
Employer contributions	517 518	535 782	524 463	533 885	543 823	569 233	618 387	672 139	756 900	825 215	913 615	975 192
Total contributions	**777 550**	**800 737**	**787 490**	**801 792**	**816 657**	**854 547**	**928 634**	**1 009 683**	**1 136 432**	**1 238 830**	**1 372 771**	**1 463 552**
Total benefit payments	**788 780**	**915 073**	**883 717**	**927 980**	**1 069 584**	**1 029 116**	**1 064 801**	**1 140 698**	**1 215 205**	**1 306 913**	**1 399 913**	**1 532 826**
Contributions minus benefit payments	-11 230	-114 336	-96 227	-126 188	-252 927	-174 569	-136 167	-131 015	-78 773	-68 083	-27 142	-69 274
Market value	15 187 804	16 913 379	18 526 325	21 795 940	25 577 614	23 848 302	21 527 878	20 573 815	25 749 260	29 245 673	31 428 274	36 308 791